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ABSTRACT

Improvements in education are occurring in Macedonia, but challenges remain with quality, equity, efficiency, and administration. This report presents to United States Agency for International Development (USAID)/Macedonia a way to move forward in assisting the education sector. It is the result of almost four plus weeks of study by a team of educators (n=3). Results are presented in three main sections of the report: (1) a review of sector performance indicators and issues; (2) recommendations on ways for USAID to quickly demonstrate its support to the sector; and (3) recommendations for USAID's robust and longer-term assistance to human resources development following more assessment and design work. Curriculum information is annexed. (Contains 17 notes and 33 references.) (BT)

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Educating for Change: Changing Education

Recommendations to USAID/Macedonia for Assisting Macedonia's Reform of the Education Sector

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EXECUTIVE SUMMARY

Education in Macedonia needs external financial and technical support in order for it to better serve its changing society and economy. Improvements are occurring in the way the country's youth are being educated and trained, with notable gains in access at all levels. However, challenges remain with quality, equity, efficiency (internal and external) and administration. In its recently approved development strategy for Macedonia, USAID has stated its intention to help the Government of Macedonia (GOM) meet these challenges.

This report presents to USAID/Macedonia a way forward in assisting the education sector. It is the result of almost four weeks of study by a three-person team of educators. The effort involved a review of background documents, two days of briefings in USAID/Washington, consultations in Macedonia with government, non-government, donor and university officials, and visits to several schools at each level of the system. The results are presented in three main sections of the report: a review of sector performance indicators and issues, recommendations on ways for USAID to quickly demonstrate its support to the sector, and recommendations for USAID's more robust and longer-term assistance to human resources development following more assessment and design work. The proposals are intended to respond to the strategic interests of USAID/Macedonia, principally those related to Strategic Objective 3.4.5: "Strengthen human capacity through targeted education programs."

Key findings from the Sector Review

Pre-primary education: There are 143 nursery schools, 169 kindergartens, 96 half-day kindergartens and 411 pre-school divisions in primary schools. In 1999, there were 38,348 pre-school attendees between the ages of 6 months and 6 years. This represents about 18.7 percent of the age group, however, most (79%) do not participate until age 6, the year before they enter primary school grade one. There is no organized, systematic program of in-service education for pre-school professionals; only *ad hoc*, in-service courses that are offered by staff of the Bureau for Development of Education (BDE), who also provide limited supervision.

The Government of Macedonia (GOM) should assign a higher priority to pre-school education, particularly for under-privileged children who would benefit most from getting a head start. In this category are Roma children who often leave school early to live off the streets, and ethnic Albanian children who could benefit greatly from early exposure to a bilingual pre-school environment. In view of the many successful pre-school models in Macedonia, we do not believe that there is at this time a case to be made for USAID to intervene in this area.

Primary education: There are slightly more than 1000 public primary schools in Macedonia, the large majority of which are one or two room schools. Almost 350 are full elementary schools with grades 1 to 8 accommodated in separate classes. In 1999, there were 257,715 children enrolled in primary education, of whom 67 percent were being taught in the Macedonian language, 30 percent in Albanian, 2.4 percent in Turkish and less than 1 percent in Serbian. There are 10,222 classes and 13,376 teachers yielding an average class size of about 25. Grade repetition is small, at less than one percent; with most (2.2%) coming in the fifth year, which is a transitional year to subject matter teachers. There appears to be no gender disparity at the primary school level. Most documents do not consider access to primary education to be a serious issue and the variations in statistics may reflect discrepancies in gross versus net enrollment rates. Financing of basic education is, however, an issue.

Primary teachers are, relatively speaking, poorly paid. In general, they have difficulties in obtaining supplementary instructional materials. Textbooks are available in each subject for each student, but tend

to be fact-laden, antiquated and of poor physical quality. There is consensus that students have too much to cope with due to an overloaded curriculum. Child-centered learning is more a matter of policy than practice, as teacher training and support are lacking to a significant degree. Although the curriculum and learning methodology is increasingly competency based, BDE's grade 8 school leaver exams, as well as teacher prepared tests and "end of chapter" tests remain heavily content and knowledge based. These tests are not oriented toward problem solving and the acquisition of analytical skills.

General Secondary: The secondary system overall caters to the 15 to 18 year old age cohort, estimated (in 2000) to number about 132,000. Presently there are 17 secondary schools that offer only the academic (*gymnasia*) curriculum, while 24 offer (to separate cohorts) both academic and vocational programs. According to recent figures, over 87,000 15 to 18 year olds, representing about 66 percent of the age cohort, attend secondary school. Of these, about one-third study in the general education program. The Ministry of Education and Science (MES) estimates the transition rate between primary and secondary schooling to be around 88 percent. The actual participation picture is unclear, but there appears at the least to be access problems based on the location of existing secondary schools. Among those enrolled in secondary schools, both general and vocational, 49percent are girls. Of the total number of secondary schools students, 79 percent are of Macedonian ethnicity (of which 51% female), 16 percent are Albanian (of which 40% female), and the remaining 5 percent (of which 27% female) spread among the other ethnic minorities.

Teacher education programs at the public universities are out-dated and disconnected from the reforms that are being introduced in the secondary schools. In-service teacher training opportunities appear to be rare, as do other professional upgrading support services. Inspectors do not provide these services; they have neither the resources nor the skills to service the professional needs of teachers. Teaching in general is reported to be intensely fact-driven and teacher-centered. As with primary, the general secondary curriculum is over-crowded and loaded with out-dated materials, is too theoretical, and not relevant to the needs of a democratizing polity, a liberalizing economy and a technologically advancing society. Text books are in general adequate in number, but too tightly tied to an outmoded syllabus. Other learning aids, for example science laboratory equipment and supplies, have suffered from neglect and under-funding for many years. Moreover, the system suffers from flaws in administration, governance and financing. Principals are subject to political patronage – they can be, and are, replaced at will. Related to political interference in schools is the practice of controlling all but the most mundane matters from the Ministry. The curriculum is being changed to be more flexible, and is intended to be more learner-centered, relevant and competency-based. There is not much evidence yet that these objectives will be sufficiently met, as commitment and capacity at the center to the needed changes are uncertain.

Vocational education and training (VET): At the secondary level there are several distinct VET tracks: one and two-year programs for low achievers, and three and four-year programs for better students. Each track roughly corresponds to job levels within the labor market. Of Macedonia's 90 secondary schools, 64 are either VET schools or schools with a combined VET and academic track. Overall, current secondary school enrollment consists of about 36 percent in the academic track, 64 percent in the VET tracks. Enrollments are decreasing in all but the 4-year VET program, which currently accommodates about 70 percent of all enrollments and offers training in over 65 different job profiles. Data on student completion rates throughout the VET system are weak. However, fewer students appear to be enrolling in the different programs, and more appear to be dropping out. The survival rate among ethnic minorities appears to be lower than among Macedonian speakers. If these anecdotal reports can be validated, there appears to be serious dysfunction within the VET system.

Viewed from the perspective of an increasingly market-based economy in a fast-changing global economy, Macedonia's centrally controlled VET system appears outdated, inflexible and seriously under-funded. Systematic change is needed, but USAID should avoid making large investments in marginal

changes to the system since significant benefits are doubtful, particularly over the long-term. Rather, USAID's strategy should be to work toward change by promoting policy reform and by demonstrating alternative forms of workforce preparation. The MES has embarked on a reform and modernization program with the assistance of the GTZ, EC and other donor agencies and NGOs, however, the quality and sustainability of the improvements is a concern. One must question however the wisdom of investing further in facility rehabilitation, laboratory equipment and machinery, computers, new curricula, and the like to support an outdated, inefficient and expensive VET model. Encouragingly, there are initiatives outside of the formal VET system that hold considerable promise as alternative ways to address labor market needs. The largest and potentially most useful is the Workers' University. Self-financed through course fees, the Workers' University provides training services throughout Macedonia to adults: foreign languages TV and radio repair, business practices, computer use, and refugee training are but a few of the areas where training is organized through both short- and long-term courses for specific client populations.

Three major VET policy issues need to be directly addressed. The VET system is excessively controlled from the central administration of the MES (e.g., as with general secondary, VET principals can be changed by the MES at will). Such tight control promotes inefficiencies, stifles innovation and initiative, and weakens the system's instructional program. Programs quickly become irrelevant to the needs of the business community. The VET system is dysfunctional in relation to the dynamics of the economy today. The model assumes little change in skill requirements, instruction is highly specialized, and schools are charged to train for a predetermined number of job profiles. VET is seriously overextended in relation to the capacity of the GOM to support it at a level that will produce reasonable results. Marked deterioration has set in, and a considerable capital investment would be required to bring the current system up to adequate levels.

Higher education: Within Macedonia's two public supported universities are 31 faculties and 2 institutes of higher learning. There is a private, unrecognized university in Tetovo catering primarily to the local Albanian population. The size of the student population and quality and substance of the programming are not obvious. The recently established South East Europe University (SEEU) in Tetovo is the newest higher education addition. Approximately 27 percent of secondary school graduates are admitted to tertiary education institutions, representing about 12 percent of the school-age cohort. Overall, about 37,000 students were officially enrolled in the higher education system in 1999/2000. Of those who attend university, as few as 15 to 30 percent complete their program of studies. Students take a relatively long time to complete. There is gender balance overall.

A new "Law on Higher Education" was adopted in 2000. Greater university autonomy is granted, access opened, and attention given to the enrollment of ethnic minorities. Applicants are admitted based on exam scores in proportion to their representation in the population, with an additional allocation of places for fee-paying students. This law notwithstanding, the lack of equity with respect to ethnic minorities is perhaps the most serious issue facing higher education in Macedonia. Although ethnic Albanians constitute 30 percent of the primary school population and 15.6 percent of the secondary population, only 5.5 percent of students enrolled in higher education are ethnic Albanian (1998/99). Other problems with the university system include a lack of material resources (books, equipment, laboratories, library collections, etc.); few incentives to maintain quality or to keep current; absence of coherent planning or coordination among "independent" faculties; students lack adequate preparation, dropout in alarming numbers and take too long to graduate; the rigor of some instruction is questionable; and financing needs to be increased through non-public means.

Crosscutting Issues

The policy agenda: Key sector policies deserve greater attention than is implied in the current 10-year MES strategy for improving the sector, perhaps the most important of which is that of education decentralization and school governance. In particular, the practice of changing education administrators, including school principals, with every new government needs to be stopped; as it severely affects quality and efficiency of the education process. The financing of the sector and budgeting for inputs needs careful examination. While inefficiencies exist in system operations that offer the potential for cost-savings if addressed, the sector still appears to be under-financed, and the trend is downward. From an equity perspective, despite recent positive changes regarding use of minority languages, there remain inequitable features of the system. For example, equity of access is lacking due to the scattered availability of high schools in rural and minority dominant areas. Also, minority-language students who prefer to pursue their tertiary-level studies in their mother tongue are limited to the very few choices available to them (in the Philosophy, Pedagogy and Drama Faculties). The policy of using subject-specialist teachers at the upper four grades of primary imposes excessive costs and deployment redundancies onto the system. If teachers at these grades were qualified to teach a broader range of subjects, significant savings could be realized, particularly in small and rural schools. The provision of educational services and materials could benefit by expanding opportunities for private sector involvement. It is likely that budget savings could be realized, and quality of inputs improved, by opening up the market.

Sector financing: The state overall budget for education has been decreasing, and over the last three years there has been a reduction in funds from 8.2 billion dinars (\$121 million) in 2000, to 7.9 billion (\$116 million) in 2001 to 7.8 billion (\$115 million) in 2002. It appears that pre-school and higher education are over-funded in relation to primary and secondary schools where the bulk of enrollments are. Fewer than 20 percent of children attend pre-school which is non-compulsory and heavily subsidized by the State. Both pre-primary and higher education are not compulsory and are available primarily to the urban well off. Funds are allocated from the MES on a per-student or per-class basis. In this way they are easy to administer. However, variation in need, capacity, and performance are not taken into account. Funding for pre-school is derived from the Ministry of Labor and Social Affairs, but is also subsidized by the MES. Analytically-based resource allocation models, capable of being applied at and by lower levels of the system are urgently needed. Whereas only 9.73 percent of students attend tertiary education, including non-university, 19 percent of the MOES budget is spent on higher education.

Education decentralization and governance: The MES directly manages some 1,150 basic and secondary schools (allocating budgets, authorizing payments, appointing school heads, etc.). The MES is therefore burdened with day-to-day operations at the school level and has commensurately less time to engage in strategic or policy issues. School management is not seen as a profession that requires special competence or training, yet school heads influence the choice of teaching staff and sign their contracts. The 2002 Law on Local Self-Government represents a giant step toward the devolution of the management of schools to local authorities, but falls short of providing a clear mandate, as the language in the law is very ambiguous on responsibilities and procedures. Moreover, pre-school is not mentioned, nor is the responsibility for financing. Careful attention to the financial aspects of decentralization can result in the avoidance of adverse social consequences.

Gender/Equity: At the primary level, there is almost universal enrollment, with 98.35 percent of the 7 to 14 year age group attending primary school. There appears to be no overall significant difference in the participation of girls and boys. At the secondary level, there are slightly more boys than girls but the ratio shifts in higher education. Although there are adequate statistics on equity in participation rates, there is less evidence on quality as measured by attainment and achievement. Although, for example far fewer Albanians than Macedonians enter university, this may be a reflection of poor quality education; but it

may also reflect poor expectations in terms of ability to handle the Macedonian language at the university level. The recent establishment of the private (predominantly English-medium) South East Europe University (SEEU) in Tetovo potentially offers a remedy to this language barrier. The key issue with regard to participation rates of minorities is whether, irrespective of access to education at the primary level, the quality of education offered to ethnic Albanian children and other minorities is as high as the quality of education offered to other Macedonians. It must also be noted that irrespective of ethnicity, problems of equitable access and opportunity exist for the poorer and more rural segments of Macedonia's populations.

Recommendations for Short-Term Sector Assistance Activities

The following three activities are recommended for immediate USAID support. Each could be started over the next several months, and represents as a way, consistent with the Mission's strategic plan, to jump-start its involvement in the education sector.

1. Critical Thinking in General Secondary Education

Objective: To promote democratic behavior and prepare students for a changing job market through the introduction of critical thinking and independent lifelong learning in secondary schools.

Description: A locally-based NGO will be granted resources to introduce the Reading and Writing for Critical Thinking (RWCT) program and methods to selected general secondary schools around the country. This will be done in five distinct phases over a period of three years: needs assessment, action planning, exposure workshops, pilot schools and replication in five to ten general secondary schools. Consideration should also be given to allow introduction of RWCT in the few remaining primary schools still untouched by the program.

2. Professionalize Vocational Education and Training (VET) School Administration

Objective: To facilitate policy dialogue and reform by introducing Macedonian educators to alternative ways of selecting and preparing VET school administrators.

Description: This proposed activity will: a) support the formation of a broadly-based advisory committee for the purpose of helping to bring about the development of a professional development and certification program for VET school administrators; b) undertake a carefully crafted study tour in the U.S. and Europe to examine various methods and models for professionalizing VET administrators; and c) facilitate the advisory committee's development of a reform proposal for the consideration of appropriate Macedonian authorities.

3. Parent-School Partnerships

Objective: To build capacities of school Parent Councils to improve the quality of education by making it more relevant to local needs and to foster effective community advocacy on behalf of education.

Description: A three staged process is envisioned:

1. Parent Councils will self-organize for the purpose of effectively running a community advocacy organization and school improvement projects, and prepare annual plans with implementation guidelines.

2. Parent Councils will identify and prioritize child focused needs in schools, and engage in generating change within the broader community. To facilitate this, the grantee will implement a small grants program with the parents' councils.
3. Parent Councils will understand their rights and responsibilities and organize to ensure, through networking, accountability and transparency within the education system of the community.

Recommendations for Broader Education Sector Support

The following four recommended activities build upon the interventions suggested above and represent, consistent with Mission strategic interests, important areas of need in the reform of Macedonia's education sector over the next five years.

1. General Secondary Education Reform Support

Objective: To accelerate and strengthen the improvements to general secondary education that have recently begun in Macedonia, particularly in the areas of science and informatics, with the aim of producing graduates who are better prepared for higher education and/or to gain employment.

Description: The activity will accelerate and deepen the reforms that have started in general secondary schools, specifically by making learning more active, practical and competency-based; introducing more engaging teaching strategies; and offering new subjects that articulate well with emerging trends in the wage economy. Great emphasis will be placed on upgrading the skills and knowledge of general secondary school teachers and administrators. Overall reform will be supported in general ways, but particular emphasis and resources will be targeted to improving the natural sciences and informatics aspects of the curriculum, where the investment needs are greatest.

2. Youth Empowerment Centers

Objective: To target economically depressed areas and address employment generation and relevant training access through the establishment of Youth Empowerment Centers.

Description: Youth Empowerment Centers will be created to offer a program of studies based on local occupational opportunities. Practical work would be combined with relevant theory. Instruction would be centered around and fully integrated with production and service work. Local demand would determine the kind of work, thus providing a self-correcting mechanism to the program of studies. In addition to technical training, students would study core skills in small business practice, applied mathematics and science, and writing and communication skills. The project should be developed and operated through a local NGO.

3. Linking Schools with Employment

Objective: To demonstrate a viable alternative to the current VET system based, moving beyond the EU Phare initiative in the direction of a flexible, quick response training approach that links schools and employers. The capacity of employers to plan and deliver training is strengthened.

Description: In anticipation of a long-term effort directed to education modernization, value can be gained from exploring an alternative to the current dysfunctional VET system. This is a pilot project that is designed to demonstrate the effectiveness of an alternative work preparation model, and prepare the way for the redesign of the present public VET system. Three major program components will be developed:

1. A system for structuring the formal instructional program around clusters of core skills.

2. A coordinating capability for working with employers, both large and small.
3. The capability within employers' groups and individual employers to organize and monitor on-site, skill-specific training.

4. Management and Administration of Decentralized Education

Objective: To encourage and support GOM efforts to decentralize and reform education governance, management and finance in Macedonia.

Description: Assistance to the GOM decentralization of education will take place over three phases:

1. The first phase will focus primarily on transferring school facility ownership.
2. The second phase will focus upon improving the MES's capacity to manage a decentralized system with an emphasis upon (i) financial management of the a decentralized system and allocation of national funding to schools and municipalities, and; (ii) assistance to the MES in the development of criteria for allocating the school improvement grants that it will receive under the World Bank's Education Modernization Project.
3. The third phase will focus upon governance, equity, school quality and local administration of education.

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List of Acronyms

BDE	Bureau for the Development of Education (of MES)
CEPS	Center for Education Policy Studies (of the University of Ljubljana)
CRS	Catholic Relief Services
EC/EU	European Community/European Union
EMP	Education Modernization Project (of the World Bank)
FOSIM (OSI)	Foundation Open Society Institute – Macedonia (“Open Society Institute”)
GOM	Government of Macedonia
GSERS	General Secondary Education Reform Support
GTZ	Gesellschaft für Technische Zusammenarbeit (Technical Cooperation Agency)
IBRD	International Bank for Reconstruction and Development
IR	Intermediate Result
IT	Information Technology
LGRP	Local Government Reform Project
MES	Ministry of Education and Science
MLSP	Ministry of Labor and Social Policy
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
PRISMA	Partners for Economic Development in Macedonia
RWCT	Reading and Writing for Critical Thinking
SEEU	South East Europe University
SO	Strategic Objective
UNESCO	United Nations Education, Scientific and Cultural Organization
UNICEF	United Nations Children’s Education Fund
USAID	United States Agency for International Development
USDOL	United States Department of Labor
VET	Vocational Education and Training
YEC	Youth Empowerment Center

1. INTRODUCTION AND BACKGROUND

a. Introduction

Education in Macedonia needs help in order for it to change for a changing society. While recognizing that important gains have been made in the sector since independence, significant challenges remain. The Government of Macedonia (GOM) is aware of the major constraints that hamper improvement and has expressed commitment to address them. The application of this resolve has been slowed by conflicting views in government on priorities, a slowing economy and general lack of resources, and limitations on staff capacities and technical know-how.

Whatever the hurdles, Macedonia needs to improve its human capital base. Many vestiges of the former socialist system remain, especially in the education and formal employment sectors, creating structural as well as inertial difficulties. Changes are occurring in the way its youth are being educated and trained, with notable gains especially in access at all levels. Issues of quality, equity and efficiency (internal and external) require additional efforts and commitment. USAID has stated its intention to help.

This report presents to USAID a way forward in assisting the education sector. It does this in three main sections. The first provides an overview of the sector and review of the major problems it faces. The presentation is structured according to each level of the system (pre-primary and primary, general secondary, vocational and technical and higher education), followed by sections on crosscutting and other issues.

It is important to note that the information provided does not constitute a sector assessment. With few exceptions, it is not based on primary data, nor does it result from the analytic rigor one expects of a formal assessment. Rather, this is a review of recent sector work of others, complemented by some updated figures, views of well-placed informants in the government, non-government and donor communities. It is also the result of personal observations made by the team members, judged against knowledge and experiences gained from studying education sector development in other countries.

The second and third main sections of the report contain options and recommendations to USAID on how it might best assist the education sector with its financial and technical resources. One set of suggestions relate to opportunities for assistance that can be initiated in the short-term. These are intended to take advantage of existing support mechanisms and institutional capacities to engage in important sector needs. The intent is threefold: to provide a quick financial boost where gaps exist in needed areas; to get a head start on understanding and initiating dialogue with the GOM on key sector issues; and to prepare the way for more robust support to the sector over the coming year or so. Although the report points to several areas where additional reform is necessary, the team recognizes that USAID functions as part of a broader international donor community, and that its assistance must be focused.

The second set of recommendations concern longer-term assistance options for USAID. These proposals need to be further analyzed and developed, as it was not the purpose of this exercise to prepare complete design documentation for the larger-scale efforts. It is expected that this additional work will take place toward the end of this year. In this, USAID will need to consider developments and status regarding the proposal of the World Bank to undertake a new Education Modernization Project (EMP) that is likely to be finalized in 2002. Complementarity with EMP will be essential.

As mentioned, this report is written for USAID. As such, the team based its consideration of program assistance options on a set of "design principles" that were articulated both in the Scope of Work and

through briefings in USAID/Washington and USAID/Macedonia. These principles require that the assistance proposals should:

- Support the Mission's Development Strategy for Macedonia, specifically the Strategic Objective (SO) 3.4: "Mitigation of adverse social impacts of the transition to a market-based democracy"; and its corollary Intermediate Result (IR) 3.4.5: "Human capacity strengthened through targeted education programs"
- Give priority to social and economic development objectives, though account must be made of gender and ethnic equity concerns
- Complement the ongoing and planned efforts of other donors assisting the education sector
- Accord low priority to providing additional support to higher education, with the possible exception of teacher training institutions
- Use non-governmental organizations (NGOs) that are already engaged in the sector for start-up/short-term activities, where appropriate
- Take into consideration the added management burden any proposal may place on the Mission, with the view of minimizing these.

While the report is principally intended as an internal USAID document, in the spirit of partnership, it will be shared with key stakeholders in Macedonia and the donor community. The findings and particularly the issues are presented in a candid way, which may seem overly critical to some. This is necessary to help USAID assess the magnitude of the problems and potential for success in achieving its objectives. Nonetheless, the team has tried to be constructive in pointing out the challenges that the sector faces and the opportunities for remedies.

b. Background

In mid-2001, USAID adopted a new strategy for pursuing its development objectives for Macedonia. This strategy for the first time includes an objective that focuses attention and resources on improving the country's human capital. It aims to "strengthen human capacity through targeted education programs" (IR 3.4.5), by improving quality, assess, efficiency and non-formal education interventions at selected levels of the system.

These are the areas to be most directly affected through USAID funds. Other elements of the Mission's strategy however will also be boosted by the education efforts. IR 3.4.3 promotes the "transition of the workforce to productive, market-appropriate employment." Recommendations are offered that will contribute to this transition through more relevant education and training. SO 2.0 ("More legitimate democratic institutions) will also be furthered, specifically the IRs 2.1 ("Increased citizen participation in political and social decision-making") and 2.3 ("More effective, responsive and accountable local government). The report identifies assistance opportunities involving education decentralization and the governance of schools (including empowering school parents' councils) that will affect both of the cited IRs.

USAID/Macedonia has provided support to education over the past few years, but the assistance has not been sizable in scope or resources, nor has it worked through government channels. Rather, it has used NGO grantees and US contractors to pursue its education interests. A more concerted involvement in the sector involves significantly more resources and a strategic focus for their use, as well as a direct, bilateral relationship with the GOM. In order to understand the needs and opportunities for this relationship and support, USAID requested the assistance of three education development specialists to spend three weeks in Macedonia to study the sector and develop program options.

This report is the result of the team's efforts. It is based on consultations with officials in USAID/Washington, USAID/Macedonia, the Government of Macedonia (GOM), the World Bank, other donor and non-governmental organizations, as well as several other stakeholders, including education practitioners at primary, secondary and university levels. During the three weeks in Macedonia, the team had over fifty-five scheduled meetings, reviewed many background and contemporary documents and visited fifteen schools of all types. The approach afforded a comprehensive examination of the sector from many perspectives. It also necessitated, due to time and data limitations, drawing conclusions based on less than complete information. The constraints notwithstanding, the recommendations presented are drawn from a convergence of views and data that lead the team members to have confidence in their validity and potential for effective use of USAID funds.

This is only the first of several steps that USAID will have to take to become engaged in the education sector in Macedonia. Working in tandem with this team, another consultant experienced in USAID procedures is turning the short-term recommendations into (nearly) actionable USAID documentation. These documents are companions to but separate from this report. For the long-term options, USAID will need to take additional steps, some of which are identified in the activity description sections of the report, to move the design process forward. The hope is that the short-term activities will be able to begin before the end of FY-2002, and the long-term activities by the end of FY-2003, or soon thereafter.

2. SECTOR OVERVIEW – FOCUS ON KEY ISSUES AND INDICATORS

The following sections present an overview of Macedonia's education sector. The first four sections describe the various levels of the sector (pre-primary and primary, general secondary, vocation and technical, and higher education) and provide key indicators of performance. The latter six sections take a look at the crosscutting features of the sector (legal and policy framework, education finance, decentralization and governance, donor and NGO involvement, and equity) from an issues perspective, citing both positive developments as well as areas in need of more attention. It is emphasized that these sections are not intended to be a rigorous or exhaustive assessment of sector performance and needs; rather it is a focus on the factors of greatest importance related to USAID's interest in supporting sector improvement along the lines of its new country development strategy.

a. Pre-Primary and Primary Education

Early Childhood and Pre-School Education: The Ministry of Labor and Social Policy is responsible for the provision and financing of pre-school education, but the Ministry of Education and Science (MES) through the Bureau for Development of Education (BDE) is responsible for pre-school curriculum and teacher training. Macedonian law provides for the education of all children between the ages of 0 and 18 years, although only primary education (grades 1 to 8, ages 7 to 14) is compulsory. There are 143 nursery schools, 169 kindergartens, 96 half-day kindergartens and 411 pre-school divisions in primary schools. In 1999, there were 38,348 pre-school attendees between the ages of 6 months and 6 years. This represents about 18.7 percent of the age group. Most (79%) do not participate until age 6, the year before they enter primary school grade one. Although overall pre-school participation rates are low, 25,061 out of 32,429 entering first graders (77.3%) have attended some sort of pre-school. The MES Education Development strategy 2001-2010 calls for mandatory kindergarten education for all children (raising compulsory education to nine years) by the year 2005.

Although the number of ethnic Albanian children in the total population is rising, birth rates are falling.¹ Only the Roma population shows a significant increase in the number of live born children. Although provision is made for teaching in four different languages, Macedonian, Albanian, Turkish and Serbian, most pre-schools have only Macedonian speaking teachers. The Swiss government finances six bi-lingual kindergartens under the Center for Human Rights and Conflict Resolution, called Mozaik, where child centered instruction is given in both Macedonian and Albanian languages. This effort is extremely successful, but is also costly with an average of four teachers for 24 – 30 children. Most of the children are totally bilingual, and function in complete harmony with their classmates. Much of the philosophy and methodology used in the six Mosaik schools could be transferred to mixed kindergartens throughout the country, but funding is an issue. Pre-school children require small classes, particularly in ethnically mixed bilingual classrooms. In this regard, Mozaik is cost effective but expensive. It is not clear whether the benefits derived from Mozaik derive from the bilingualism of the classroom or from the early and highly participative style of teaching and learning.

Although ethnic Albanian children living in Macedonia have much to gain from learning the Macedonian language, the team wonders whether it is cost effective to teach Macedonian children the Albanian language. Should the philosophy and methodology of Mozaik be taken to scale, maintaining the bilingual character of the program, would pose problems. Without the bilingual character of the program, a pupil-teacher ratio of 12:1 would be more cost effective and adequate in terms of quality. In any case, Mozaik is a fee-based program that caters mostly to the urban well-off. Were it to be implemented on a larger scale, and impact upon poor children such as the Roma, it would need to be government sponsored.

The total number of employees in pre-school education is 4,556, 90 percent of whom are Macedonian, the remainder of the various ethnic minorities. Most have secondary credentials, with fewer than 10 percent holding university degrees. The MES is trying to upgrade the level of pre-school employees.

There is no organized, systematic program of in-service education for pre-school professionals; only *ad hoc*, in-service courses that are offered by the BDE. Limited supervision is provided by the BDE.

All pre-schools use the same curricula, one for full day programs and one for half-day programs. Other models are being used, most of them successfully. The most important model, with 59 kindergartens is the Step-by-Step program that was developed by Georgetown University and implemented by the Open Society Institute (OSI) is described in one of the separate activity description sections. In addition UNICEF has sponsored "Interactive Learning," "Let's go and Learn Together," and "Lifestart." All are child centered and some focus upon furthering ethnic harmony.

The government of Macedonia should assign a higher priority to pre-school education, particularly for children who would benefit most from getting a head start. In this category are Roma children who often leave school early to become street children, and ethnic Albanian children who could benefit greatly from early exposure to a bilingual pre-school environment. Caritas has started centers targeted at Roma children in areas with a large Roma population. Roma children often have no knowledge of the Macedonian language, and pre-school education could make their transition to elementary education easier and more meaningful. We understand that the government is engaged in developing a reform of pre-school education, which is long overdue. We also recognize that reasonable progress is being made toward reform of the sub-sector, aided in part by other donor support. Effective pre-school models are in place, and the government can easily replicate them if it wishes to do so. For these reasons, we do not recommend USAID involvement at this time.

¹ OECD, Thematic Review of National Policies for Education – FYRoM, Sept., 2001

Special schools are provided for children with special needs. Social attitudes toward disabled people tend to be negative and the issue of mainstreaming disabled children into regular schools is resisted, often on the grounds that resources are lacking. There is a distinction between early childhood education, ages 0 – 6 and school-preparatory education, ages 6 – 7. Although the MES is responsible for curricula in both early childhood and school preparatory programs, pre-schools that are not part of elementary schools are financed and managed by the Ministry of Labor and Social Policy. Pre-schools function in all 126 municipalities, but it is unclear how the new laws on decentralization and local autonomy will impact upon them. Provision of early childhood education in rural areas is an issue. Learning materials, sanitary facilities, classrooms and buildings need upgrading.

Primary Education: There is no shortage of excellent and comprehensive analyses of primary education in Macedonia, one of which, the Ss Cyril and Methodius University study, is cited below. The OECD report of 2001 provides an overview of the education sector but does not dwell on primary education except in the discussion of cross cutting issues. The Ministry of Education's Draft Strategy for the Development of the Education Sector is a well-written and forward-looking document, but it bears little resemblance to the Education Development Strategy 2001 – 2010 that was issued by the Ministry of Education in February 2001. This review will, therefore, provide a brief overview of the sub-sector, highlighting some of the more important issues, while referring the enquiring reader to the more comprehensive studies that are also relatively up to date.

In 1999, there were 257, 715 children enrolled in primary education, of whom 67 percent were being taught in the Macedonian language, 30 percent in Albanian, 2.4 percent in Turkish and a fraction of one percent in Serbian.

There is little consistency in the literature regarding enrollment statistics. The USAID Mission Strategic Plan states that 17 percent of primary school age children are not in school, but the draft MES strategy for Education of 2000² puts net primary enrollment at about 95 percent and the OECD review of education puts enrollment rates in primary school at 98.35 percent. The most often quoted source of statistics, the Ss. Cyril and Methodius University study,³ states that maximum coverage was achieved in 1989 when enrollment rose to 93.4 percent⁴ but it has been falling ever since, reaching a low of 85 percent in 1993 and 89 percent in 1997. Most documents do not consider access to primary education to be a serious issue and the variations in statistics may reflect discrepancies in gross versus net enrollment rates.

In 1998, there were 1043 public primary schools in Macedonia, the large majority of which are one or two room schools. About 346 are full elementary schools with grades 1 to 8 represented in separate classes. These are referred to as primary school administrative centers, and may be surrounded by many "satellite" schools that are managed by the principal of the administrative center. In small schools, multi-grade teaching is the norm, even for the upper primary grades. There are 10,222 classes and 13,376 teachers yielding an average class size of about 25. Grade repetition is small, at less than one percent; with most (2.2%) coming in the fifth year, which is a transitional year to subject matter teachers. According to the Ss Cyril report, about 81 percent of elementary school leavers enroll in secondary school with the large majority doing good or better at the end of their first year. There appears to be no gender disparity at the primary school level.

² Ministry of Education, Republic of Macedonia, Draft Strategy for Development of Education in Macedonia, undated, but written in 2000, p.11.

³ Pre-Primary and Primary Education in the FYR of Macedonia, Ss. Cyril and Methodius University, Skopje, May 2000.

⁴ Ibid p.34. No reference is made to whether this represents net or gross enrollment.

Teacher colleges in Skopje, Stip and Bitola prepare teachers for pre-primary and primary school. Upper primary subject matter teachers are trained at university pedagogical faculties in Skopje and Bitola. The MES BDE provides in-service training in the form of seminars. Many international organizations and NGOs have become involved in in-service training through donor funding. Teachers, principals, and school boards will have more authority but will be held accountable for results. There is no defined set of standards for teachers' qualifications in Macedonia. At the upper primary and secondary levels, most teachers are university graduates and are qualified to teach one subject only. Smaller schools can only, therefore, offer a few teaching hours for subject matter teachers, yet all schools must provide the full range of subjects required by the curriculum. Teachers are poorly paid and teach an average of 20 hours per week.⁵ Teachers have difficulties in obtaining instructional materials, with the exception of those who are engaged in innovative programs that are financed by the donor community.

Financing of basic education is an issue. There is relative over funding of non-compulsory sectors of education while funding for primary education has eroded. Since for many rural and poorer children, basic is the only education available, it seems unjust for current expenditure on basic education (as a percentage of GNP) to have slipped from 3.08 percent in 1990, to 2.49 percent in 1995 and to 2.18 percent in 1997. Irrespective of the fact that overall spending for education as a share of GNP may have increased; the share for compulsory primary education has slipped.

Over the last half-century, many rural schools were closed, with the number of schools dropping from 1,463 in 1950 to the current level of 1,043.⁶ The number of pupils, on the other hand has doubled. Whereas many families drifted to the cities over this period of time, there has more recently been a return to the villages which is putting pressure on the MES to rehabilitate and re-open schools that were closed. As the decentralization process evolves, with the ownership of schools transferred to the municipalities, this will place even more pressure on local communities to rehabilitate and maintain the schools.

By law, the MES is responsible for curricula, and this task has been delegated to the Bureau for the Development of Education. In lower primary (grades one to four), the same teacher teaches all subjects. These include mother tongue language, Macedonian language⁷ for speakers of other languages (beginning in third grade), mathematics, nature and society, physical and health education, art and music, and from grade four a choice of a first foreign language. Ecology and crafts are added from the third year. The compulsory number of hours per week rises from 18 in grade one to 20 to 22 in grade four. Students who are struggling may receive supplementary instruction one hour per week. From grade five onwards, subject specialist teachers teach students. Subjects include mother tongue, Macedonian for non-Macedonian speakers, history/geography, biology, physics, chemistry and technical education. Electives include informatics and a second foreign language.

Textbooks are available in each subject for each student. They tend to be fact laden and old-fashioned. Textbooks are generally of poor physical quality. An assessment unit has been established within the BDE that plans a National Assessment of Pupils' Achievement at the end of grade 4. Explicit assessment objectives have been defined and communicated to teachers, students and to the public at large. The assessment will take place on a sampling basis to assess a statistically stratified sample of classes as to the content and structure of student skills.

⁵ There are many exceptions.

⁶ The large majority are one or two room schoolhouses.

⁷ Macedonian language instruction for minority children begins in third grade (age 9) with two classes per week. This is cumulatively less than the amount of time allotted to foreign language instruction. Some feel that Macedonian language instruction should begin earlier on a more intensive basis. Some go even further and state that by fifth grade, Macedonian should be the language of instruction. These are important and highly sensitive issues.

There is consensus that students have too much to cope with and that the curriculum is overloaded. Although child-centered learning is theoretically the norm, some methodologies seem better than others in terms of training and follow-up. This may be a question of access to adequate donor funding.

Although the curriculum and learning methodology is increasingly competency based, BDE's grade 8 school leaver exams, as well as teacher prepared tests and "end of chapter" tests remain heavily content and knowledge based. They ask for facts, rather than the application of higher level thinking skills like problem solving or critical thinking. Educators at all levels need training in the evaluation of competence and skills.

b. General Secondary Education

Macedonia's general secondary schools (*gymnasia*) provide for four additional, non-compulsory years of principally academically oriented education. Programs are offered in three streams: general, natural sciences and mathematics, and languages.

The secondary system overall caters to the 15 to 18 year old age cohort, estimated (in 2000) to number about 132,000. Presently there are 17 secondary schools that offer only the *gymnasia* curriculum, while 24 offer (to separate cohorts) both academic and vocational programs. In addition to these, there are 4 special secondary schools, 3 religious (private) schools, and 5 schools for art, music and dance. Most secondary schools are for day students only, but a few also provide dormitory facilities. Of the total 90 public secondary schools in the country, 41 (46%) provide a general education that is intended for most to lead to entry into institutions of higher learning.

Access to secondary education is difficult to assess. The MES Education Development Strategy (2001 – 2010) projects that the current transition rate between primary and secondary schooling is around 88 percent; and further estimates that to accommodate an expected increase of 20,000 secondary students by 2010 (to bring the participation rate of primary completers to 95%), an additional ten schools will have to be built. Other sources suggest that these rates are overstated.

The picture is thus unclear, but there appears at the least to be access problems based on the location of existing secondary schools. There are reports of students having to travel up to 30 kilometers daily to attend schools in Skopje. Also, the programs offered by the nearest secondary school, may not offer the appropriate education to those in the catchment area. This can be especially problematic for those whose interests or capabilities don't match the program offerings of the nearest vocational schools.

According to recent estimates,⁸ over 87,000 15 to 18 year olds, representing about 66 percent⁹ of the age cohort, attend secondary school. Of these, about one-third study in the general education program and the remainder in the various vocational programs. Among those enrolled in secondary schools, 49 percent are girls, though the division between those studying in general and vocational streams is not known.

Of the total number of secondary schools students, 79 percent are of Macedonian ethnicity (of which 51% female), 16 percent are Albanian (of which 40% female), and the remaining 5 percent (of which 27% female) spread among the other ethnic minorities. Again, the split of these groups between general and vocational programs is not known. Twenty-two of the 90 secondary schools offer instruction in the

⁸ Centre for Education Policy Studies (CEPS), University of Ljubljana, cited in Thematic Review of National Policies for Education – FYROM, Organization for Economic Co-operation and Development, Paris, September 2001.

⁹ The MES claims that more recent data show a net enrollment rate at secondary of almost 80%.

Albanian language, and four in Turkish. About 13,000 (15%) of the students study in Albanian; 600 (0.7%) in Turkish.

The retention of students who enroll in general secondary schools does not seem to be a serious problem, although the data are sketchy. Official government figures for secondary schools (combined) indicate about a 2.3 percent dropout rate. Other sources suggest a rate as high as 15 percent. It is hard to reconcile these two widely varying figures. According to the CEPS data, about 20,515 (23.5%) students completed secondary school programs in 1999, in a system that was accommodating 87,420; 6169 (30%) of these graduated from general secondary schools. Females represented 49.1 percent of the graduates overall, and 60.0 percent of the general school graduating class. Of those who complete their studies, about 27 percent (55% female) will continue on to higher education, representing about 12 percent of the relevant age cohort.

The approximate 15,000, who graduate annually from secondary schools and do not succeed in continuing their studies, presumably enter the job market. Reportedly, their success in attaining suitable employment in a reasonable period is dismal. In 1999, of the 806,673 members of the labor force, 283,818 (35%) had a 4-year secondary (general and vocational) education. Of these, 90,517 (32%) were reported as unemployed (54% men and 46% women).

There are no national standards for teacher qualifications in Macedonia, although most upper primary and secondary teachers are university graduates with some training in teaching methods. These teachers are presently being produced in two public universities in Skopje and Bitola, and, since 2001, in the private SEE University in Tetovo. Worth noting is that SEEU is the only university where prospective secondary school teachers are being taught in Albanian, the language that most of these graduates will use in their classrooms. While this program is new, and definitely needs to be expanded to other disciplines, e.g., natural sciences, it offers great advantages to Albanian-medium high schools and their students.

New teacher graduates receive their bachelor degrees from the faculty of their subject specialty, but take teaching methods and theory courses in the pedagogical faculty. Over the four year program, aspiring teachers participate in a phased program of teaching practice, starting from classroom observations and concluding with a full schedule of classroom teaching. For their first teaching year, fresh graduates are supervised by other experienced teachers at their schools, and are tested for teacher certification at the end of the year. The certification process is reported to be weak due to its subjectivity and to the absence of standards on good teaching practices.

There is general agreement that teacher education in Macedonia needs improving. Teaching methods being taught and practiced at university do not articulate with the reforms being pursuing in secondary school classrooms. Universities have no contact with or knowledge of their graduates once they leave campus, and thus no measure of the effectiveness of the teacher cadre they are producing. Subject specialization is too narrow, constraining the ability of the system to deploy teachers efficiently. Teachers, once trained and employed, have little opportunity to stay current with advances in teaching or subject content. In-service training opportunities appear to be rare, as do other professional upgrading support services. Inspectors do not provide these services as they are too few in number and lack the resources and skills to service the professional needs of teachers. Teaching in general is reported to be intensely fact-driven and teacher-dominated. Many teachers, particularly the older ones, are viewed by administrators to be very satisfied with this style of instruction.

Despite recognition of the need for teacher and teaching improvement, there is no consensus on a strategy for reform, nor commitment among the decision-makers in the relevant government and university bodies to bring it about. For example, while both BDE and university staff complain of the need for change in teacher preparation and support, there appears to be little communication between these parties regarding

the secondary education reform that is underway and its implications on teacher knowledge, attitudes and practices. Even within the public universities themselves there is a lack of coordination or integration of interests between the technical and pedagogical faculties. A commonly accepted framework is needed for defining and measuring good teacher preparation and performance relative to expected learner outcomes. Without such, it is difficult for committed teacher education reformers to channel, coalesce and translate their interests into a reform strategy.

The gymnasial curriculum has up to 15 core subject requirements, representing 75 percent of a student's program. Simply put, it has too many requirements and too little scope for teacher innovation and active learning, even if the teaching force were well equipped for this. It is also loaded with out-dated materials, is too theoretical, and not relevant enough for the needs of a democratizing polity, a liberalizing economy and a technologically advancing society. Efforts have and are being made to modernize the curriculum and the teaching and learning materials that support it. But the effects of the changes have to date been marginal, with the exception of the introduction of informatics and computers in some of the schools. Text books are in general adequate in number, but too tightly tied to an outmoded syllabus. Other learning aids, for example science laboratory equipment and supplies, have suffered from neglect and under-funding for many years. Libraries are also in need of updated and relevant acquisitions.

Besides the program deficiencies at general secondary, the system suffers from flaws in administration, governance and financing. Principals are subject to political patronage; they can be replaced at will, if Ministry officials decide a more "party-friendly" individual is needed. This practice is extremely harmful to the system: it de-professionalizes the position of school administrator, and introduces caution and instability into an environment that requires enlightened and steady leadership. Related to political interference in schools is the practice of controlling all but the most mundane matters from the Ministry. The movement to decentralization of the sector will improve this situation greatly, particularly those aspects that liberalize and localize the oversight and running of schools. With these gains should also come a more transparent, rational and needs-based provision of budgets to schools. Procedures used to date are essentially univariate, based on enrollments rather than demonstrated needs. An improved system of financing would result in more resources being directed to inputs that boost learning, rather than perpetuate existing inefficient practices.

Fortunately, reform of the secondary sector has started. Initial attention is being devoted to changing the curriculum to be less rigid in its requirements while providing for more electives. It is also supposed to compel more learner-participation and shift to competency-based learning. Subject content is to be made less intense in theory and more practical in orientation. All of this is to be supported with more and improved teaching and learning materials. Increased offerings of "European" language courses (i.e., English, French and German) are being proposed, as are more opportunities for computers to be used both as a target and facilitator of learning. The sciences and information technology are being singled out for particular attention in secondary school improvement, with the need to upgrade instructional materials, equipment and teacher skills accorded the highest priority. Based on observations of the few schools visited, it seems that science education is indeed weak, both from a content and pedagogical perspective. Investments in this area of the high school program are long overdue.

While the high school reform objectives are worthy, there is not yet much evidence that they will be sufficiently met. There was lack of understanding of the intended reforms at the schools visited, and interviewees could only speak of the more superficial aspects, such as the changes in course requirements. Teacher training is recognized as an important aspect of the reform, but the approach being followed is lacking in intensity and methodology. The kind of changes envisioned requires more than the one-off, two or three day orientation workshops that currently represent the teacher training component. BDE sees using school-based reform coordinators, as well as "reformed" inspectors to help with reform implementation, but lacks plans and resources for accomplishing this.

Overall, there appears to be the need for a better articulation of the purpose for the reforms and a strategic plan for carrying them out. There is also a significant lack of funding for the program. Donors have by and large been uninvolved in the changes. The new World Bank project will concentrate on the primary system, as well as support institutional and systemic changes. Some of these efforts should contribute to aspects of the secondary improvements, such as school effectiveness and quality standards, but greater and more targeted assistance to secondary school needs will still be required. The Dutch appear ready to continue their assistance to the MES Assessment Unit (responsible for the reform of the *Matura* examination), and with a pilot effort to involving the applied sciences, but otherwise are not likely to substantially assist general secondary education. UNICEF has indicated that it conceivably could extend its active learning program into secondary classrooms, but admits this is unlikely given other, higher priorities and uncertain levels of future funding for the sector.

There is, thus, an opportunity for a donor like USAID to involve itself financially and technically in secondary school reform. In particular there is a need to support the ongoing reforms, while helping the GOM/MES move more aggressively and strategically to accomplish more far-reaching program improvements. There is also need to support the teachers who are and will be affected by these changes. To date, they have received very little help or training that is needed for the changed attitudes, behaviors and knowledge that the new curriculum requires. As can be expected, many teachers reportedly lack understanding of and commitment to changes being introduced. Meeting these needs as well as other obstacles will require specific approaches that have not yet been conceived, let alone planned.

Commitment and capacity at the center to the needed changes are uncertain. In some realms, there is a large difference between what is voiced and what is practiced, for example in curriculum reform. In other areas, such as decentralization, there are genuine concerns about the preservation of control over the determination and application of educational programs and services. Fear over loss of quality is a stated objection. Complaints about loss of power are also heard. These reservations must be dealt with, but it is unlikely the dialogue can be meaningfully engaged until after the fall parliamentary elections. There clearly are many stakeholders and potential partners, coming from within the Ministry, the Parliament, other branches of government, academia and the NGO and donor communities that represent a constituency for positive change in the sector. Between now and the elections, efforts should be made to influence and unify these forces.

c. Vocational and Technical Secondary Education

The vocational education and training (VET) system is trapped in its history. The system was organized and developed following World War II to feed the skill requirements of the centralized, command economic system being installed throughout Yugoslavia. Macro-level planning data was used on a national and regional scale to make decisions about educational investments. The particular configuration of schools in Macedonia was a result of this planning process. Textile schools were installed in the textile manufacturing areas, mining in the mining area, and so forth. There were other schools to take care of "general" needs, but the basic pattern was, in accordance with the overall national development plan, to provide very specific job preparation in the communities where individuals would find work in the fields for which they were being trained. Worker mobility was controlled. Education planning was from the top down, and programming derived from economic growth targets. As the productive pattern in the economy was government controlled and changed little over time, there was little need to change the pattern of vocational training.

Viewed from the perspective of an increasingly market-based Macedonian economy in a fast-changing global economy, Macedonia's centrally controlled VET system appears outdated, inflexible and seriously

under-funded. At the same time there are increasing tensions within the system as it attempts to respond to the dynamics of change, accommodate the demands of different client groups, and adjust to a political system that is inching toward more decentralized control and a broader representative form of governance. The VET system has potential to contribute to the economic revitalization of Macedonia. As the largest component of the public secondary system, it serves significant numbers of youth. There are some high-performing institutions, and a number that have the potential to be revitalized.

USAID's strategy (S.O. 3.4.5) proposes to help Macedonia reform its education system so that it better prepares youth for productive employment. Systematic change is needed, but USAID should avoid making large-scale investments in marginal changes to the system since significant benefits are doubtful, particularly over the long-term. Rather, USAID's strategy should be work toward change by promoting policy reform and by demonstrating alternative forms of workforce preparation.

The existing VET system is complex in its structure and programs. At the secondary level there are several distinct VET tracks: one and two-year programs for low achievers, and three and four-year programs for better students. Each track corresponds roughly to job levels within the labor market. Of Macedonia's 90 secondary schools, 64 are either VET schools or schools with a combined VET and academic track. Overall, current secondary school enrollment consists of about 36 percent in the academic track, 64 percent in the VET tracks. The Ministry of Education and Science is working toward a target of 50 percent enrollment in the academic track. Training for over 90 different jobs profiles is offered.

The low achieving track, at least in theory, consists of one and two-year VET programs (currently not operating) for students with a poor primary school record, including students who do not complete the lower grades. It is designed to prepare individuals for immediate job entry. Individuals who complete the program also are eligible to enroll in the three-year program. Students are trained for existing positions within the labor market with specific employers. There is a strong "practical" component (roughly two-thirds of the curriculum) and on-the-job experience. In past years approximately 100 students were enrolled in this program, but since the 2001 school year there have been no program participants. Job placements are not available, and there is virtually no interest for this option; consequently it may soon disappear.

The three and four year programs are for the most part functioning. Roughly 30 percent of the VET enrollments are in three-year programs. Alongside of the technical preparation there is strong general education preparation in some schools (45% technical to 55% general ratio). Graduates of this program who work for two to three years are eligible to take additional course work at universities to qualify for more advanced jobs. Enrollment is decreasing in the 3-year program.

The remaining 70 percent of the vocational enrollment is in four-year programs, which offer over 65 different job profiles. There are two options:

- A course that leads to a job-specific diploma;
- A course that enables the individual to sit for the university qualifying examination in a particular field or specialty.

The most popular university fields that four-year VET participants enter are medical, economics (business management), and law. Job preparation at the university is at the middle technical level (nursing, medical technician, accountant, etc). These fields are in high demand and generally over-enrolled. Students not able to obtain their first or second choice can elect other options. Outside of this basic framework are schools for music, ballet, applied art and special needs students. Program duration ranges from three to four years.

Data are weak concerning student completion rates throughout the VET system. However, fewer students appear to be enrolling in the different programs, and more appear to be dropping out. The survival rate among ethnic minorities appears to be lower than among Macedonian speakers. If these anecdotal reports can be validated, then there appears to be serious dysfunction within the VET system.

Teachers are prepared in one of two systems. Some are prepared through university faculties in rather narrowly defined specialties. In this sense, the university faculties influence the secondary school curriculum since they control the subject areas through the preparation of qualified teachers. Any curriculum reform effort will have to address this issue. Other teachers are graduates of the four-year VET program and handle the "practical" instruction. An artificial division is thus created between theory and practice.

The MES has embarked on a reform and modernization program with the assistance of the GTZ, EC and other donor agencies and NGOs. GTZ is in the process of refurbishing programs in seven schools, but its efforts generally are limited to certain technical areas. Sustainability of the improvements is a concern. The EC-backed Phare program is more ambitious. From an initial 16 schools, an additional six were added with 10 more in the planning stage. Directors and teachers were trained, new curricula developed and facilities renovated and equipped. The Phare program attempts to move away from training in the many highly specific programs now characterizing the VET system, to clusters of related job skills based on labor market signals. Although Phare helps to move the system in the right direction, it does not go far enough. The approach still lacks sufficient flexibility to respond to rapidly changing market conditions and is costly. The assumption is that the MES will continue to finance the recurrent costs of the Phare initiative when external financing is no longer available. Based upon experience to date, this assumption may not be realistic.

There are some initiatives outside of the formal VET system that hold considerable promise as alternative ways to address labor market needs. The largest and potentially most useful is the Workers' University. Operating from fixed facilities in Skopje and sixteen smaller associated satellite facilities throughout Macedonia, courses are offered to young and older adults seeking job training or retraining in over 40 job categories. The satellite locations and facilities vary according to the programs being offered and the client base. The programs are totally supported through fees from individuals or companies contracting for training services. Around 4,000 individuals are trained each year at an average fee of 100 Euros (US\$90). This is a relatively low cost, flexible, quick delivery mechanism.

The Workers' University has developed a number of marketing strategies through which it attracts client populations, ranging from large companies requiring upgrading of employees to individuals preparing for technical examinations and small employers wishing to implement better accounting systems. Course scheduling follows market demand. There are some "general" courses offered on a regular basis to the public, but most programming is tailored to the specifications of paying customers, and it is this flexibility to respond to various client groups from elementary school graduates, to shop owners and corporate engineers that is the strength of the system.

The Workers' University presently is in a state of "legal limbo." For the past two years it has been a "private" organization with its own governing structure. However, laws regarding the education of adults and non-formal, private education institutions have not yet been fully formulated and passed by the parliament.

The potential of further developing this resource should be given consideration. The success of the Worker's University illustrates that separating specific skill training from secondary level VET and placing it closer to the point of employment, a strategy that has worked well in many countries, can also work effectively in Macedonia.

Following are three major policy issues that need to be directly addressed. It will be difficult for any kind of donor assistance to be effectively used unless these issues are resolved. These issues are at the center of any reform of the VET system.

Excessive centralized control: The VET system is excessively controlled from the central administration of the MES. This promotes inefficiencies. The MES does not have the financial or human resources to effectively attend to all of the policy and management demands that it has taken upon itself. One consequence is that local schools cannot get timely decisions or support. Heavy central control also stifles innovation and initiative.

The system's instructional program is weakened through centralized control. Programs quickly become irrelevant to the needs of the business community. Curriculum planning for VET needs to be interactive and participatory, with careful attention given to including local client groups. This planning needs to be timely and on-going. When planning and decision-making occur at higher organizational levels, static programs usually result. Planning at higher levels cannot capture local conditions or stay abreast of change. Some of the school directors interviewed stated that they simply cannot get decisions on curriculum changes even though some programs are seriously out of date and are no longer relevant to local community employment conditions.

Currently, ministerial control from Skopje also extends to the appointment and retention of school directors, staffing decisions, curriculum decisions, textbook approvals, budgets as well as just about every other important aspect of managing schools. Too much control is vested in the Bureau for Development of Education.

Inappropriate VET model: The VET system is dysfunctional in relation to the dynamics of the economy today. There were initiatives a decade or so ago to change that system, but they were unsuccessful. Today, obsolete programs and skills are offered that have little employment potential, while at the same time the large number of highly specialized programs and courses require financial resources that are not available. The current system is based upon a supply/demand model that assumes a stable employment environment in which conditions can be predicted and linked to different educational levels. It also assumes a highly segmented or multiple-tiered labor market rather than a completely open one with mobility across or between job categories. The model assumes little change in skill requirements. Instruction is highly specialized, and schools are charged to train for a predetermined number of job profiles.

Currently, the VET system offers training for over 90 separate job profiles. Although the system has deleted some specializations (there were 150 in the past), job placement in the specific profile trained for appears to be low in many cases. In some schools it has been close to zero over the past decade. There are, as mentioned above, some very good programs. But these are the exception. They are good because of the strength of the directors, and the opportunities offered by the technical areas addressed and the circumstances of their location. They also are good because they respond to their clients in the form of the market signals that they receive from the services that they provide.

Lack of resources: The VET system in Macedonia is seriously overextended in relation to the capacity of the GOM to support it at a level that will produce reasonable results. Moreover, marked deterioration has set in, and a considerable capital investment would be required to bring the current system up to adequate levels. Options include closing poor performing and antiquated programs, using less expensive forms of public VET, and diversifying the base of financial support. All three options need to be considered.

Other donors are contributing to the rehabilitation of VET facilities for which, on the surface, there appears to be great need. One must question however the wisdom of investing further in facility rehabilitation, laboratory equipment and machinery, computers, new curricula, and the like to support an outdated, inefficient and expensive VET model. Some forms of VET require as much as 30 percent of their budget for recurrent, non-salary expenses; minimum maintenance requirements are usually around 15 percent. It is unreasonable to think that anything near this level of resources can be made available given that most VET programs currently receive only about 2 percent of their annual budget for non-salary operating expenses. For this reason, USAID in should not invest in the general upgrading of the present VET system.

The GOM assumes the responsibility for funding the expenses of operating the VET system largely because local or regional jurisdictions lack sufficient taxing authority. Funds are channeled into VET schools on a per-student or per-class basis. This system does not account for variation in need or capacity and, more importantly, provides no incentive for good performance. Institutions receive the same level of funding regardless of their needs or performance. Even if the decentralization program moves forward, there is no assurance that more funding will be available because of the limited ability of local communities to raise revenue. The central government controls the major sources of revenue generation.

Some programs raise substantial amounts of local funds through production and service activities. However, the central government requires such funds be returned to the Treasury, and seldom is the full amount returned to the school. In some cases, no funds are returned. This practice discourages attempts at self-financing. Nevertheless, some enterprising school directors find ways to get around these government regulations. Those schools that have been successful are the ones that generally have succeeded in financing a considerable part of their needs through "extra-curricular" revenue generating schemes.

One of the most pressing policy considerations is to strengthen and broaden the financial base of VET through diversifying the provision of training as well as the sources of funding. Policies are needed that encourage less reliance on public funding, greater use of private resources, and increased involvement on the part of employers in the workforce preparation process. There are no simple answers as to how VET should be financed. But it is certain that the present system cannot be supported at a reasonable level to sustain acceptable program relevance and quality.

d. Higher Education

The public higher education system in Macedonia is organized within the context of two major universities, the St Cyril and Methodius University in Skopje and the St Clement of Ohrid University in Bitola. Within these universities are 31 faculties and 2 higher schools. Bitola is the smaller university with only 4 faculties of the total 31, and the two higher schools, medicine and agriculture. The faculties have a high degree of authority and autonomy, and consider themselves independent, although they are legally part of the two universities. The central administrations are organizationally weak however, and exert little real authority over the faculties. This makes reform extremely difficult.

There is a private, unrecognized university in Tetovo catering primarily to the local Albanian population. The size of the student population and quality and substance of the programming are not obvious. The recently established South East Europe University (SEEU) in Tetovo is the newest higher education addition.

A new "Law on Higher Education" was adopted in 2000. Greater university autonomy is granted, access opened, and attention given to the enrollment of ethnic minorities. Applicants are admitted based on

exam scores in proportion to their representation in the population, with an additional allocation of places for fee-paying students. In addition, faculties tend to admit fee-paying students beyond the allotted number.

Secondary school graduates with the required high school leaving certificate from either the 4-year vocational or *gymnasia* are entitled to apply for university admission. Approximately 27 percent of secondary school graduates are admitted, and this represents about 12 percent of the school entering cohort. Overall, about 37,000 students were officially enrolled in the higher education system in 1999/2000. Of those who attend university, as few as 15 percent to 30 percent complete their program of studies. Students take a relatively long time to complete. There is gender balance overall, but the women tend to concentrate in the field of medicine and the humanities.

Tertiary education provides both "vocational" and professional streams, with the former lasting from 1 to 3 years, and the latter anywhere from 4 to 7 years and resulting in the equivalent of the US BA, MA and Ph D degrees. The system is largely test-driven. Students may study one or two semesters primarily on their own before taking an examination. The examination can be repeated until a passing mark is achieved. The language of instruction is Macedonian, but other "national" languages can be used under some circumstances if Macedonian also is studied.

The lack of equity with respect to ethnic minorities is the most serious issue facing higher education in Macedonia. Although ethnic Albanians constitute 30 percent of the primary school population and 15.6 percent of the secondary population, only 5.5 percent of students enrolled in higher education are ethnic Albanian (1998/99). Moreover, of the total number of secondary school graduates, 94 percent of the Macedonians and 56 percent of the Albanian students applied for studies in higher education institutions. There is a particularly disturbing cycle wherein too few qualified Albanian-speaking primary and secondary school teachers have been trained at the universities, resulting in poor quality secondary education for ethnic Albanian primary and secondary school students. This, in turn, affects their academic performance which further constrains progression through the system. Tetovo University (TU) is unrecognized, apparently with good reason.

With the help of the international community, SEEU was established in 2000 as a private, trilingual university to offer quality education and training. SEEU presently offers five degrees: business administration, public administration, law, pedagogy, and communications. Notably SEEU provides for the preparation of future high school teachers using Albanian language as a medium of instruction, thus addressing an important constraint to quality at this level. Also, it is the only university in Macedonia that offers business administration as a major. At present, the university is catering almost exclusively to Albanian speakers, although it is conceived to serve a multi-ethnic and multi-lingual population.

Other problems with Macedonia's public university system include the following:

- Lack of material resources: books, equipment, good laboratories, limited library collections, deteriorating plant, and low maintenance.
- Accountability is lacking: there is a lack of academic competition, and few incentives to maintain quality or to keep current.
- Governance is weak: there is no coherent planning or coordination among "independent" faculties. Conservative forces tend to resist change. Faculties have a "lock" on programming and staffing.
- Students lack adequate preparation: dropout rates are high, relatively few students complete on time; and the rigor of some instruction is questionable.

- Financing is an issue. Between independence and 1995, expenditures for higher education declined by 60 percent. In 1994, higher education represented less than 1 percent of the national budget.

e. Legal and Policy Framework

Legal Framework: Macedonia's constitution, enacted after independence in 1991, provides for free, compulsory and equal education for all children ages 7 to 15 years to attend primary school, grades one to eight. It puts the responsibility onto the parents to ensure that their children pursue this right. Minority children have the right to study in their mother tongue at both primary and secondary schools, but not at institutions of higher learning. The study of the Macedonian language is required of all students at all schools. The constitution also gives considerably more authority and autonomy to all institutions of higher learning – a major shift from the previous regulatory structure. For this and secondary levels of the system, private schools are allowed to open and operate, but not at the primary level.

The parliament from time to time enacts and amends laws to give operational instructions and financial backing for the educational provisions of the constitution. The cognizant parliamentary legislative committees, acting with direct assistance of Ministry of Justice and consultative advice from the line ministries (notably the Ministry of Education and Science), prepare these laws and amendments.

The current law on Child Protection and Pre-school Education was enacted in 1981, but is soon to be revised to have it conform to the Convention on the Rights of the Child and the UN Standard Rules on Equalization of Opportunities for Disabled People. In its present form, responsibility for early childhood development and pre-primary education is with the Ministry of Labor and Social Policy (MLSP). While education at this level is not mandatory, there are still some GOM-funded programs that are carryovers from the pre-independence era.

In 1995, two education laws were passed, one for the eight-year compulsory primary program and the other for the four-year non-compulsory secondary program. These laws provide the structural and implementation frameworks for these sub-sectors, including the role of the Ministry of Education (now the Ministry of Education and Science) in administering the sector. Various amendments have been enacted, but have not fundamentally changed the provisions of the 1995 law. New laws for primary and secondary are expected to be considered later in 2002, the purpose of which is to harmonize out-dated provisions with the new requirements of the Law on Local Self Government, passed in January 2002 and the Final Document for the Solution of Political and Security Crisis (the "Framework Agreement"), adopted in August 2001. Important elements of the new laws are expected to deal with the issues of language, decentralization and governance.

Vocational and technical education is in legal limbo. Officially it is still covered by the pre-independence (1986) law, but many changes have been and continue to be introduced into the VET system. Since it is no longer relevant to the system today, there is a critical need for a new law – one that codifies and legitimizes the new VET reforms under a framework of a free market economy and free labor force.

Higher education now operates under a separate law. Until June 2000, when the new Law on Higher Education was passed, tertiary education was included under the 1986 law on Vocational Education. Importantly, the new law mandates equal opportunity of access to higher education and re-enforces the goal of achieving proportional equality in the participation of ethnic minorities. For the first time, the law broadens financing of the system by allowing institutions to collect tuition and fees and employ other fund-raising schemes. It also devotes considerable attention to quality assurance needs, and introduces

other features to bring the system into closer alliance with European university practices and standards, such as the credit transfer system to allow greater flexibility in program choice and student movement between universities.

The ethnic conflict of 2001 was brought to a halt with the signing of a Framework Agreement in August of that year. The agreement covers a range of sovereignty, democracy and governance issues. It also deals with language, particularly the uses of minority languages (when used by at least 20 percent of the population of a municipality) in official communications. Education is explicitly included in this provision by the following:

- Instruction in primary and secondary schools is to be provided in the students' native language
- State funding is to be provided for the use of minority (greater than 20%) languages in higher education
- Positive discrimination is to be applied in the enrollment in State universities of applicants who belong to minority groups until enrollments reflect the ethnic composition of Macedonia.

In January 2002, the Law on Local Self-Government was enacted in accordance with the requirements of the Framework Agreement. Its provisions fundamentally affect the governance of the country, its public institutions and sectors. It establishes a new framework for relationships between central and local government entities, articulates additional rights and responsibilities of the municipalities, including the raising and expending of public funds, and grants greater voice to citizens in public policy decision-making. Specifically regarding education, the law – with a significant degree of ambiguity – passes responsibility for primary and secondary school ownership, administration and maintenance to the municipalities. An important and somewhat urgent challenge for the sector is how and at what pace to implement the new provisions of this law, with due attention to issues of quality, access and equity.

Policy: Until the enactment of the Law on Local Self-Government earlier this year, the Ministry of Education and Science had sole authority to establish policy and set priorities for the running of primary and secondary education. Changes to this authority are presently being discussed in various GOM ministries and committees, and will eventually be codified in a new primary and secondary education law. Until this happens, the current MES Education Development Strategy (2001 – 2010), adopted in March 2001, frames and establishes direction for sector development.

The 2001 Strategy supercedes an earlier 2000 document, "Draft Strategy for Development of the Education in Republic of Macedonia," which is a much more comprehensive and detailed statement of sector development and reform requirements. It was developed through intensive donor involvement and dialogue with Ministry officials. The more recent strategy is for the most part more general in its statement of sector priorities, but on certain issues represents a shift in MES position. For example, with regard to education decentralization, the 2001 strategy argues for greater caution in the transfer of responsibilities to protect quality and equity.

The following areas are listed as priorities in the 2001 – 2010 Strategy:

- Renovating rural area schools that do not meeting safety, technical and hygiene standards
- Building new high schools to accommodate greater demands for places and eliminate shifting
- Reforming the secondary school leaving examination (*Matura*)
- Providing high schools with a sufficient number of computers
- Developing a new building for the MES
- Strengthening the institutions of MES, in the areas of statistics, analysis and management (for headquarters and schools)
- Building a high school where there is a large concentration of Romas
- Establishing a new adult education system

- Establishing a new institute for new teaching methods
- Setting up a computer network to link high schools
- Renovating teaching equipment in primary and secondary high schools
- Renovating teaching equipment at science and technical faculties
- Developing joint history textbooks with the republics of Albania and Bulgaria
- Reforming the secondary vocational education with introduction of 20 new vocations
- Reforming the general (*gymnasium*) education with introduction of optional and facultative education
- Building four (4) new faculty buildings
- Introducing more competition in the publishing sector
- Promoting civics education with a new generation of textbooks
- Developing new courses of instruction in foreign languages at earlier grades
- Developing a career guidance function and cadre in the BDE
- Developing centers for teacher in-service training within BDE, but linked to teaching faculties at the universities
- Adding one year of pre-school (kindergarten) education to the primary schools

Absent from this long list of priorities are key areas that deserve greater attention for improvement of the sector. The attention these needs will be accorded in the coming years is unclear. Perhaps the most important issue is that of education decentralization and school governance. The situation and needs are treated elsewhere in this report. In particular, the practice of changing education administrators, including school principals, with every new government needs to be stopped; it severely affects quality and efficiency of the education process.

The financing of the sector and budgeting for inputs needs careful examination. While inefficiencies exist in system operations that offer the potential for cost-savings if addressed, the sector still appears to be under-financed, and the trend is downward. More GOM and donor resources are required, and, importantly, a more analytically based and transparent means for determining apportionment of resources across and within all levels of the system. The availability of additional internal resources is, of course, dependent upon growth of the economy.

From an equity perspective, despite recent positive changes regarding use of minority languages, there remain inequitable features of the system. For example, equity of access is lacking due to the scattered availability of high schools in rural and minority dominant areas. Also, minority-language students who prefer to pursue their tertiary-level studies in their mother tongue are limited to the very few choices available to them (in the Philosophy, Pedagogy and Drama Faculties).

The structural inefficiencies referred to above need to be examined. The policy of using subject-specialist teachers at the upper four grades of primary imposes excessive costs and deployment redundancies onto the system. If teachers at these grades were qualified to teach a broader range of subjects, significant savings could be realized, particularly in small and rural schools.

The provision of educational services and materials could benefit by expanding opportunities for private sector involvement. A cursory examination of some recently provided books at a local high school suggests that texts are expensive relative to their modest physical quality. It is likely that budget savings could be realized, and quality of inputs improved, by opening up the market. The commitment of the MES to this, despite the statements in the Strategy, is unclear.

f. Education Finance

Like other elements of the educational system, the financing of schools is highly centralized. Working through the Ministry of Finance, the various ministries submit annual preliminary budgets for parliamentary approval. Following approval, the Minister of Education and Science controls budget allocations with the authority to make redistribution of funds. Except for large, gross budget categories, there is very little information available on how funds are distributed and used at the local level.

The state overall budget for education has been decreasing, and over the last three years there has been a reduction in funds from 8.2 billion dinars (\$121 million) in 2000, to 7.9 billion (\$116 million) in 2001 to 7.8 billion (\$115 million) in 2002. This decrease has been partly hidden because of the influx of additional funding from donor agencies. However, donor assistance is generally targeted to specific activities, and masks inevitable decreases at the local school level when viewed in the aggregate. When donor assistance is added to the 2002 budget, the total amount for education is estimated to be 10.8 billion dinars (\$159 million).

There are three major sources of revenue for financing education: payroll, profit, and VAT taxes. Excise, import fees, vehicle tax, and financial transactions tax are also other sources of revenue but they remain relatively small. VAT taxes are the main source, but they also are one of the least stable and most "elastic" sources of revenue. The revenue stream fluctuates with economic shifts. School revenue will continue to be depressed until the economy begins to recover. This will continue to create tension within public schools because there is considerably less budgetary flexibility due to embedded fixed costs. Until the economy recovers, any planned wide-scale reconstitution of the public education system will have to confront the reality of limited and reducing school revenue streams.

At the present time, property taxes, the most stable source, do not constitute a major source of revenue for schools. Decentralization plans call for the use of property taxes by local communities to finance their share of local educational costs. This probably is an unrealistic option given the great disparity in the relative property wealth of communities, particularly with regard to minority and rural communities. In some communities the property wealth available to generate reasonable levels of support for schools will be very limited, particularly when there will be other civic demands on a limited revenue stream. Presently, Skopje is the only municipality where property taxes are collected in any sizable amount. If decentralization is going to be carried out in more than name only, there will have to be a major shift in GOM policy toward taxing authority and the control of the different revenue streams. Power flows from the control of resources.

The present government financial system continues to be characterized by a high degree of vertical imbalance. The amount of financial resources controlled by the higher organizational level is significantly disproportionate to the amount available to lower levels. The system, however, also appears to be characterized by horizontal imbalance. While relevant figures are not available because of a lack of transparency, observed differences among schools suggests that funds are not being distributed equally across all jurisdictions. In fact, achieving equality may require a more compensatory allocation of resources so that unequal opportunity can be overcome.

It appears that pre-school and higher education are over-funded in relation to primary and secondary schools where the bulk of enrollment is. Both pre-primary and higher education are not compulsory and are available primarily to the urban well off.

Funds are allocated from the MES on a per-student or class basis. In this way they are easy to administer. However, variation in need, capacity, and performance are not taken into account. It appears that most of the funding goes to support teachers' salaries (an estimated 80 percent of overall budget). Limited

amounts are available for other recurrent expenditures. Poor maintenance, limited instructional materials, few and outdated books, and deteriorated physical plant result. Unless new sources of recurrent support are found, donor investments in plant, material and equipment, curricula and instructional support cannot be maintained over the long-term.

The limited resources are not used well. Poor-performing schools with outdated curricula continue to be funded. If school directors secure additional resources they often are penalized by a reduction in state funds. If funds are not used, they must be returned. Teachers are typically certified in one subject, so that more teachers are required, and a large percentage of teachers is employed less than full-time.

Donor assistance is considerable in relation to the overall education budget. Donors primarily fund capital improvements. Donor investments, however, cannot be sustained unless new sources of revenue are located, which is unlikely. Another option, and perhaps the only viable one over the long-term is to diversify the sources of funding by relying on combinations of student fees and income generation to support post-secondary level programs. More resources would then be available for primary and secondary level programming, and this probably is where the public responsibility for providing citizens educational opportunity most clearly rests.

g. Decentralization and Governance

As mentioned, the right to education is embedded in the 1991 constitution and articulated further by various Government, ministry and parliamentary decrees and laws. Minorities have a right to instruction in their own mother tongue at the basic and secondary education levels, but in all minority language schools, the study of Macedonian language is compulsory. The "Framework Agreement" states that the development of local self government is essential for encouraging the participation of citizens in democratic life, and for promoting respect for the identity of the communities. The agreement refers to a law on local self government (now passed) that reinforces the powers of elected local officials in several sectors including education. Section 6 of the Framework Agreement, on Education and use of languages, states clearly that basic and secondary instruction will be in the students' native language.

The Current System: The education system of Macedonia is owned and governed by the State. Pre-school education, up to the final year (age 6) is governed by the Ministry of Labor and Social Policy. From Age 6 onward, education is the responsibility of the Ministry of Education and Science. The MES directly manages some 1150 basic and secondary schools (allocating budgets, authorizing payments, appointing school heads, etc.). The MSE is therefore burdened with day-to-day operations at the school level and has commensurately less time to engage in strategic or policy issues.

Regional administration of education has three parts:

1. 15 regional branches with a staff of 34 professionals (Regional Representatives or RRs). These units have pedagogical, financial and administrative functions but no decision-making powers. They represent the MES on local school boards.
2. The inspectorate has a staff of 35 inspectors who report directly to the Minister.
3. The BDE has 90 advisors, assigned as technical staff, at its 12 regional units. Their task is to control compliance with pedagogical and other regulations. They are expected to meet every teacher every year.

The 124 municipalities in Macedonia (including the Municipality of Skopje) have no link to education except that they have the right to appoint some members to school boards. The School Board is the executive body that makes decisions on issues such as use of the budget, collecting funds and obtaining additional resources for their school. The School Board consists of representatives from the MES,

teachers, and parents. In some cases, provision is made for representation by distinguished citizens in the community. Parent Councils also exist. Some are active while others are moribund. School principals are appointed by the Minister with input from school boards and education advisors (BDE and RR). They are not at present specifically trained for their management responsibilities, although there is donor interest in supporting such training. School management is not seen as a profession that requires special competence or training, and some school administrators have never worked in a school prior to their appointments. Yet, school heads influence the choice of teaching staff and sign their contracts.

The most important documents to have been developed after the political changes of 1991 are the *Strategy for the Development of Education in the Republic of Macedonia 2000* (June 2000) and its successor *Strategy 2000-2010*. The *Strategy 2000* document devoted considerable attention to decentralization stating that central planning had made the system rigid and uniform, disregarding the needs and characteristics of the various communities.

The Law on Local Self-Government states that municipalities shall be competent for the performance of the following (*inter alia*)... "Education – establishing, and financing, and administering of primary and secondary schools, in cooperation with the central government, in accordance with law; organizing of transportation of students and their accommodation in dormitories." This law represents a giant step toward the devolution of the management of schools to local authorities, but falls short of providing a clear mandate. Pre-school is not mentioned, nor is the responsibility for financing. The statements, "in cooperation with the central government" and "in accordance with law" provide an escape valve that could allow the central government to maintain rigid controls. In interviews with Ministry of Finance officials, it became clear that the government's intent is to shift over time the burden of the financing of public schools, increasingly, to municipalities.

In the short term, in support of the first phase of the decentralization, which calls for the transfer of the ownership of schools to municipalities, the GOM intends to supplement municipality funds for the maintenance of the schools. Also included in the first phase of the decentralization, according to interviews with the Minister of Education and Science and with the Legal Advisor to the Minister, is provision for primary (but not secondary) school principals to be appointed at a lower level, either by mayors, or by municipal councils. While this is a step forward, school boards should be able to play a strong role in this process. Minimal standards for the qualification of school principals need to be established quickly.

The Ministry of Education's *Strategy 2000* provided for greater involvement of local communities, parents, students and teachers. Responsibility for school maintenance is transferred to the schools themselves, with supplementary funding from the State where needed. School principals are responsible for the hiring and firing of teachers and schools have a greater say in the selection of principals. The State, under the strategy, will remain responsible for quality standards, equity, fiscal control, accreditation of teacher training programs, and for the clear statement of expected educational outcome as measured by graduation exams and international assessments of student achievement. These principles are in line with worldwide trends toward reducing the role of the state in the delivery of educational services. It is interesting to note, however, that the newer *Strategy 2000-2010* makes no mention of decentralization or any of the above goals, leaving this issue in the overall government strategy to be carried out by the Ministry of Justice. The Ministry of Education and Science correctly cautions that ill-considered decentralization might make matters worse (at least in the short run) for poor and vulnerable groups.

Decentralization and community involvement in the governance of education are important. They are particularly important in an ethnically mixed country where parents demand more voice in the education of their children. Community involvement in education is important for the strengthening of civil society, and will result in better quality and more efficient education. Serious issues remain in the general area of

the decentralization of education. The role of school boards *vis-a-vis* municipal councils and Mayors is unclear. Through which conduits will resources flow? Who will oversee and be held accountable for educational results? Although primary school ownership will be relegated to municipalities, to whom will secondary schools be transferred, since there are fewer secondary schools than municipalities? Although school ownership is being transferred, when will resources for other functions, including teacher salaries, be made available to communities? These, and other issues, must eventually be considered.

In March and April, 2002, USAID engaged in considerable dialogue with the Ministries of Education, Finance and Local Government on the subject of the transfer of schools to municipal authorities. We believe that careful attention to the financial aspects of decentralization can result in the avoidance of adverse social consequences. A plan has already been put in place to bring a team of short-term USAID-sponsored technical specialists to assist the MES in their planning toward the first phase of the decentralization process.

h. Gender and Other Equity Issues

This section of the report is about equity in the delivery of education services. The Framework Agreement conditions the cessation of hostilities upon the preservation of the multi-ethnic character of Macedonia's society in public life. As noted above, it gives persons of each ethnic group the right to basic education and secondary education in their own mother tongue. It also requires that State funding for higher education be provided in languages spoken by at least 20 percent of the population. It provides for an affirmative action program for equal (but separate) opportunity in higher education via positive discrimination in enrollment in State universities until the proportion of students reflects the composition of the Macedonian population. One must first distinguish between ethnic exclusion and voluntary segregation. In the former, one group excludes the other; in the latter, exclusion is voluntary. Whereas only a few years ago there were many mixed high schools with students peacefully studying along side of each other, today there are few.¹⁰ In some cases, students of Macedonian and Albanian background will attend the same school, but in different classes, and often in different shifts. It is unclear whether this is because the students, the teachers or the parents want it this way.

In the interest of peace and harmony, the Government of Macedonia has adopted a policy of equal opportunity within the framework of a segregated society. It is assumed that Albanians want to attend to their own schools. Although this may largely be true, this is a form of ethnic stereotyping. Some Albanian parents might prefer that their children attend a Macedonian speaking school in order for them to be more competitive in a predominately Macedonian society. While understanding the political rationale for ethnic Albanian serving institutions, the team believes that in the long run, national unity, peace and equal opportunity would be better served by fostering ethnic integration, rather than strengthening the quality of segregated schools. In the short run, this will be a challenge, particularly in view of the provisions of the Framework Agreement. Ethnic Albanian children need to learn to speak Macedonian at an early age. Over time, the Macedonian language should be the language of instruction. Maintenance of separate systems all the way through high school is not cost-effective. Ethnic Albanian students are handicapped if and when they gain entrance to a university that is predominantly Macedonian-language based.

Although there are adequate statistics on equity in participation rates, there is less evidence on quality as measured by attainment and achievement. Although, for example far fewer Albanians than Macedonians enter university, this may be a reflection of poor quality education; but it may also reflect poor expectations in terms of ability to handle the Macedonian language at the university level. At the primary

¹⁰ This is according to an employee of OSI who is engaged in teacher training.

level, there is almost universal enrollment, with 98.35 percent of the 7 to 14 year age group attending primary school. There appears to be no overall significant difference in the participation of girls and boys. At the secondary level, there are slightly more boys than girls but the ratio shifts in higher education. Some reports have stated that the participation rates of Albanian girls in secondary school are lower than the overall Albanian enrollment, and while this seems to be supported anecdotally, data could not be found to substantiate this conclusion.

As noted above, at the secondary and tertiary levels, Macedonians make up 66.6 percent of the population, but 79.2 percent of secondary and 89.2 percent of tertiary enrollments. While ethnic Albanians represent 22.7 percent of the population¹¹ and 30 percent of primary school enrollment, only 15.6 percent go on to secondary and 5.5 percent to tertiary levels. The causes for this inequity are not fully known, but poverty, low expectation, poor school quality and lack of access to transportation are almost certainly partial reasons for poor participation in secondary school on the part of ethnic Albanian students.

For Roma, who constitute 2.2 percent of the population, primary education enrollment rates are acceptable at 3 percent, but only one out of six go on to secondary school (0.5% of the age group) and only one tenth of one percent of university students are Roma. Conventional beliefs and anecdotal evidence suggest that Roma parents do not value education. Whether this is true or not, it is important that social mobilization among the Roma community takes place in order to sensitize parents to the need for their children to undergo secondary and higher education.

The key issue with regard to participation rates of the more marginalized populations of Macedonian society (ethnic minorities, rural poor, etc.) is whether, irrespective of access to education at the primary level, the quality of education offered is as high as the quality of education offered to mainstream and better off Macedonian children. This team does not have the data to make a judgment in this regard, but the upcoming BDE school assessment and the World Bank school effectiveness activity may shed some light on this important question.

In addition to the inequities in participation at the secondary and tertiary levels, there is inequity in the financing trends of education with proportionately more going to the non-compulsory sub-sectors than to basic education. The share of current public expenditure for primary education as a percentage of GNP has been going steadily downwards despite rising overall education budgets. Maintaining ethnically segregated, but high quality parallel school systems in a country the size of Macedonia may be politically expedient and socially acceptable, but it is an expensive and inefficient use of scarce resources.

The rise in unemployment (currently at about 40%) and a rise in living costs have made it increasingly difficult for families to bear the cost of school fees. Parents pay for textbooks at secondary school and provide food. Fees for secondary education, especially vocational education can be especially high. It is estimated that about 20 percent of the population is living below the poverty line. Although these statistics are suspect in that there is a vibrant informal sector functioning in Macedonia, there is no question that school costs are beyond the reach of many families in Macedonia.

Other parts of this paper have discussed the urban drift and recent movement back to the countryside. Due to lack of funds and the absence of almost any capital investment budget in the MES to rehabilitate and re-open schools that were recently closed, many rural schools are dilapidated, overcrowded, inadequately furnished, equipped and heated. There is a lack of teachers in some subjects and in some

¹¹ According to USAID sources, the number of ethnic Albanians in the general population is closer to 30 percent. This suggests that inequities with regard to access to secondary and higher education may be more problematic than suggested elsewhere in this report.

languages of instruction. It is expected the upcoming first phase of the GOM/MES decentralization plan, in which schools are transferred to municipalities will help to alleviate some of the above cited inequities.

Pre-school is a great equalizer. Very young children have not yet learned that there are ethnic and cultural differences among their peers. Young children absorb languages very easily. Young children who are coming from disadvantaged households get a head start on learning and socializing. Not all children entering grade one at age 7 have had any kind of pre-school experience and some, the Roma, for example may have to go through first grade in an entirely foreign language due to the lack of Roma teachers. The MES has plans to make nine years of education (Kindergarten to grade 8) mandatory by the year 2005. This is an important step forward, but the team also feels that two additional years of pre-school, preferably in a bilingual environment (such as Mozaik) beginning at age 4, would improve the performance of all children, particularly those from a minority or disadvantaged environment. As stated elsewhere in this report, many NGO programs such as Step by Step and Mozaik have generated successful models for pre-school education, including teacher training. Should it wish to do so, the GOM could replicate these models nationally, on a more equitable basis. Since pre-school education is not yet mandatory and primarily serves the urban well off, and since successful models for pre-school education already exist, USAID should not invest in pre-school education at this time.

i. Donor Support for Education

Presented below is a listing by sub-sector of the bilateral and multilateral donor organizations that have supported education over the past several years, and/or those that plan to do so in the future. It should be stressed that this is not an exhaustive inventory of donor involvement in education. All major players are included in the list; however, some of the minor ones may have been inadvertently omitted. Among the donors supporting education in the country, the World Bank is the largest multilateral donor and the Netherlands the largest bilateral donor.

Following are brief descriptions of the education sector support efforts of the major official donors:

World Bank: Assisted with a grant from the Japanese, the World Bank is in the final stages of developing a new Education Modernization Project (EMP), currently projected to be funded (under IBRD lending terms) at about \$15 million over four years. While the final shape of EMP is still undecided, major attention and resources will be targeted at the primary education sector. School grants will be used as ways to motivate and capacitate local authorities and administrators to deal with school quality and school performance issues. Some of the grants will be provided to secondary schools, but the majority will be directed towards primary. EMP also plans to assist with the strengthening of MES and local administrative capacities for data analysis, policy research and planning, and budgeting. EMP is expected to become effective in early 2003.

European Union: As mentioned under the VET sections of this report, the European Union (EU) is assisting with the reform of Macedonia's secondary vocational education system under the framework of the European Phare program. To date 16 vocational schools have been assisted with training, equipment and program reform and six others turned into VET "centers of excellence" with the intention that these will serve as facilitators of reform on a larger scale. This initial phase, costing 2.8 million Euros (\$2.5 million), is nearing completion. The second phase, funded at 2.0 million Euros (\$1.8 million) for two years, is just starting, with plans to assist an additional 10 schools. Besides the VET support, the EU has contributed (\$5 million) to the establishment and operations of the new SEE University at Tetovo. According to a EU spokesperson, future assistance to the sector, beyond what is currently planned under Phase two of the VET/Phare program is uncertain.

UNICEF: The introduction of "Active Learning" in Macedonia's primary schools, referred to elsewhere in this report, has been UNICEF's major assistance program to education since 1994/95. The program involves shifting the teaching/learning paradigm to be more child-centered and individualized, more involving of parents and better supported with supplemental learning materials. Since its inception, about 75 percent of the country's primary schools have been assisted with the introduction of the Active Learning approach. (The remaining 25% have been earmarked for assistance by the Open Society Institute's Step-by-Step program.) UNICEF expects that its assistance to Active Learning will be completed this academic year, and is uncertain if and how it will support education in future years. There is some interest in expanding Active Learning approaches into the secondary schools, but at present this seems to be a lower priority than other competing interests, e.g., early childhood health and development.

The Netherlands: The Dutch are providing assistance to the education sector in several areas, and have signaled their intent to continue. Recent support has contributed to the establishment of the new SEE University (\$5 million), the MES Assessment Unit and its initial operations, provision of technical assistance to the MES in several areas including vocational education, and other bilateral institutional networking efforts. Also, a grant was provided to CRS for capacity strengthening of school parents' councils. Future assistance will be coordinated with the World Bank and determined as EMP takes final shape. Areas of potential interest include continued support to the Assessment Unit, training in education management and administration, pilot efforts to make science education more applied, and a feasibility study for establishing a natural sciences faculty at SEEU. Sector assistance levels over the next four years could be in the range of \$8 to 10 million.

Germany: Working through GTZ, Germany is supporting the improvement of secondary vocational education. Since 2000, GTZ has been assisting seven schools with the reform of their instructional programs (in the mechanical, electrical and automotive fields), developing new curricula, training of teachers and managers, and upgrading equipment. Technical assistance is also being provided. The project is funded at approximately 2.0 million Euros (\$1.8 million). This program is due to end soon, but an extension is pending. Future assistance to the sector beyond the VET effort is unknown.

It is clear that while many donors – multilateral, bilateral and non-governmental – have provided support to the sector, most of it has been of modest scope and size. It also seems, with some notable exceptions, to have been scattered and non-strategic. The team heard from several sources that donor assistance to the sector suffers from lack of coordination and at times duplication. The situation seems to be improving with UNICEF-led efforts to create an informal forum for donors involved in education to interact. This initiative is laudable, but should be broadened and routinized.

J. NGO Involvement in Education

As of September 2000, approximately 4000 NGOs were officially registered in Macedonia. Of these, approximately 2,500 can be considered as active. Although the crisis of February 2001 has had an adverse effect upon the NGO community, in response to the conflict several NGOs carried out activities to support peace efforts. Led by the Open Society Institute (OSI) in Macedonia, 120 NGOs participated in a campaign called "Enough is Enough." The inability of these efforts to coalesce into a broader peace movement and the limited impact of these efforts on national policy demonstrates the continuing weakness of Macedonia's relatively young NGO sector, which only began to function in 1990. According to the USAID 2001 NGO sustainability index, 40 percent of Macedonian NGOs do not effectively communicate with their constituencies. The donor community has provided training in strategic planning, but the sector has shown little improvement in this regard. Few NGOs have developed long term strategies though many express an interest in learning how to prepare project proposals, and in improving skills for preparing grant applications. Many NGOs do not operate in a transparent manner, raising suspicions about motives and appropriate use of funds.

Nonetheless, there are several outstanding locally-based NGOs functioning in the education sector, several of which can take responsibility for the landmark shift from knowledge based learning to competency based learning now being undertaken by the MES.

- Foundation Open Society Institute – Macedonia (OSI): Education, Democracy and pluralism
- Catholic Relief Services (CRS): Civics education, parent councils
- Center for Human Rights and Conflict Resolution: Pre-school education and pluralism, children's rights
- Search for Common Ground: Media, environment, education and pluralism
- Step-by-Step: Competency based, child centered education. Reading and Writing for Critical Thinking
- Mozaik: Bilingual kindergartens, pluralism
- King Baudouin Foundation: Social inclusion of youth and poverty alleviation
- Youth Educational Forum: Debate and Street Law
- Ohrid Summer University: Conflict resolution (higher education)

Donor Support to Education¹

Pre-primary and kindergarten education:

- UNICEF: active learning
- Switzerland: "Mosaic" kindergartens (through the Center for Human Rights & Conflict Resolution)

Primary education:

- USAID: civic education (through Catholic Relief Service)
- USAID: school refurbishing (through Community Self-Help Initiative)
- USAID: children's educational and multi-cultural television programs (through Search for Common Ground)
- UNICEF: active learning program with teacher training and materials
- European Union: quality and relevance of learning
- World Bank: rehabilitation of schools
- Italy: rehabilitation of schools
- Switzerland: rehabilitation of schools
- The Netherlands: support to parents' councils for school maintenance (through Catholic Relief Service)
- Austria: civic education
- World Bank: improve learning through school improvement grants and interventions

General secondary education:

- Switzerland: rehabilitation of schools
- World Bank: improve school-based learning through school improvement grants and interventions
- The Netherlands: pilot program for introducing applied sciences programs

Vocational technical education:

- European Union: restructure and transform selected programs (under the Phare program)
- Germany: reform and re-equip selected vocational schools (through GTZ)
- The Netherlands: technical assistance for overall system improvement

Higher education:

- USAID: construction and program development support to South East Europe University (SEEU)
- Organization for Security & Cooperation in Europe: support to SEEU
- European Union: support to SEEU
- The Netherlands: support to SEEU
- UNESCO: support to university program strengthening
- DOS Bureau for Education & Cultural Exchange: scholarships and faculty exchanges
- European Union: improve pre-service primary teacher training
- Switzerland: secondary teacher education reform and evaluation of credit transfer system
- France: Ohrid Summer University (through Open Society Institute)
- France: provision of scholarships and teaching faculty
- Germany: establish "technology centers" to link students with firms in Europe
- The Netherlands: feasibility study for establishing a Natural Sciences Faculty at SEEU

Adult/non-formal education:

- USAID: US, regional and in-country participant training programs (through World Learning)
- USDOL: worker retraining (through the PRISMA project)

Education sector support:

- USAID: education decentralization and governance (Local Government Reform Project)
- World Bank (with the Netherlands): create assessment capacity in MES
- World Bank (with the Open Society Institute): liberalizing textbook policy
- Switzerland: improve teacher training policy and practices
- Japan: grant for assessments and appraisals of new World Bank project
- World Bank: capacity building for strategic planning/budgeting, management, information systems, and monitoring/assessments
- The Netherlands: continue support to MES Assessment Unit
- The Netherlands: provide training for school administrators

3. RECOMMENDATIONS FOR SHORT-TERM SECTOR ASSISTANCE ACTIVITIES

Following are descriptions and specifications for activities that USAID should consider implementing over the next several months as a way to begin its involvement in the education sector. These represent ripe opportunities to build on ongoing, technically sound activities or to enter into dialogue with the GOM on key policy issues. Each represents an important bridge to the program recommendations presented in the next section for USAID's more substantial and longer term assistance to the sector.

a. General Secondary: Enhance Learning Reforms

Activity Name: Critical Thinking in Primary and Secondary Education

Objective: To promote democratic behavior and prepare students for a changing job market through the introduction of critical thinking and independent lifelong learning principally in secondary schools, but also at the upper grades of some primary schools.

Statement of the Problem: Elementary children who are now learning by doing, by questioning and by reasoning, will be plunged into a learning environment that discourages questioning, limits choice and curtails participation. These traits are fundamental to the democratic process. Children who are taught in this type of "frontal teaching" environment will, as adults, be susceptible to authoritarian behavior and less prone to manifest tolerance for other people.

Rationale: The Foundation for Education and Cultural Initiatives, a registered Macedonian NGO, was established to continue the activities of the Step-by-Step Educational Reform Project, which was introduced in Macedonia in 1994 by the Foundation Open Society Institute - Macedonia (OSI). Step by Step has introduced new teaching methodology that enables children to participate actively, contribute to the learning and problem solving process, work independently, express creativity, and care for their community. Children are encouraged to make choices, develop opinions, capacity and skills necessary to meet current and future challenges.

The MES has asked Step-by-Step to provide coverage to about 25 percent of Macedonia's elementary schools. While much of the task is complete, a small, but significant amount of work at the primary level remains unfinished and lacks financing. The remainder of the elementary schools participate in a similar "active learning" program initiated and financed by UNICEF at the request of Government. UNICEF reports that it will attain full coverage of its 75 percent (275 primary schools) by the end of this academic year.

Theoretically, all primary schools in Macedonia should be utilizing some sort of "active" learning approach. However, the team visited several schools where teaching was being done by rote, with very little student participation. There is a need to review how well the various active learning models are functioning, and how well they have been integrated into the national system. Should USAID be invited to finance such a review, the team recommends that it do so.

Although the Step-by-Step approach extends to upper primary school (grades 5-8) where subject matter teachers teach students, it has not made its way into the secondary schools where children learn via a "frontal" approach that requires them to repeat what they have learned from teachers or books. When children who have been attending Step by Step schools progress from upper elementary into secondary school, it is as if a door has closed on them. Instead of developing analytical skills through learning by doing, by questioning and by problem solving, children become acquiescent learners, who can master

facts and knowledge, but cannot apply this knowledge. Since the skills involved in teaching critical thinking at high school age are far different from those used in primary school, moving from the frontal or classical teaching methodology to a critical thinking methodology will require a pedagogical paradigm shift as well as massive in-service teacher training.

In 1997, OSI sponsored a sector wide approach to teaching and learning called Reading and Writing for Critical Thinking (RWCT). This approach enables learners to think critically, feel responsible for their own learning, cooperate with others, and embrace the principle of life long learning. Teachers learn how to create an atmosphere that encourages open and responsible interaction in the classroom, change their role as the dominant personality in the classroom, use efficient techniques that promote critical thinking and independent learning, and become trainers of other teachers. To date, some 170 primary school teachers and 160 secondary school teachers have been trained, along with 29 University professors from the faculty of Pedagogy, 28 counselors from the Bureau for Development of Education, 51 school psychologists and 73 prospective teachers at the university. More recently, 35 secondary school Social Studies teachers have undergone training within the context of civic education. According to officials at OSI, the revised curriculum and the revised *Matura*¹² will require increased capacity for critical thinking.

Step-by-Step has now been merged with RWCT in Macedonia under the Foundation for Education and Cultural Initiatives (Step by Step for Critical Thinking.) This organization wishes to extend OSI's RWCT efforts to a significant number of secondary schools in Macedonia, but lacks the resources to do so.

There are three reasons for undertaking this activity:

- Democracy: Students who are taught to ask questions, make choices and participate will manifest democratic behavior and reinforce democratic initiatives as adults.
- Workforce: Students who are given the skills to learn independently and engage in lifelong learning will be better prepared to enter a changing workforce.
- Quality learning: Students who are prepared to learn independently and think critically will be able to apply their learning as they go through life. This is particularly important to students who will live in rural areas, and for those who are entering a society that lacks sufficient formal sector employment opportunities.

All three reasons support USAID/Macedonia's strategic objectives.

Description of the Activity: In addition to whatever activities are necessary to complete their work at the primary school level, OSI would like to provide Step by Step with the resources necessary to undertake the following activity that would have five distinct phases over a period of three years:

- Needs assessment: This assessment will examine a representative sampling of general secondary institutions in Macedonia to assess, in each discipline, current approaches to learning and teaching. The assessment will examine how much RWCT training each faculty has already received and how much additional training is needed. Staff of the Faculty of Pedagogy, in concert with the Foundation for Education and Cultural Initiatives, will undertake the assessment.
- Preparation of an Action Plan: As results of the needs assessment are analyzed, an action plan will be prepared that outlines, in brief form, the nature of the changes in methodology and learning that are required, the numbers of teachers and schools to be involved, the nature of the training to be given, and additional resources needed for teaching materials and supplies. The action plan will lay out the steps necessary to carry out the totality of the initiative. It is highly recommended that the Foundation for Education and Cultural Initiatives invite staff of the Slovakia Orava Project¹³, which has had considerable experience in RWCT to participate actively

¹² The *Matura* is the secondary school leavers' examination, which may also be used for admission to University.

¹³ Orava Project, Office of Education for Democracy, University of Northern Iowa. zuzanas@projectorava.sk

in all phases of the activity. There may be USAID regional funding available to support Orava participation.

- Workshops: Workshops will be developed and implemented to expose teachers and school administrators to a range of issues associated with RWCT vs. conventional teaching, and to the rationale for making change. Teachers will be given the tools necessary to make the transition from conventional to critical thinking teaching methodologies while adhering to the principles of the national curriculum. Training will be offered in succeeding workshops pertaining to various aspects of the transition to a critical thinking mode of teaching and learning.
- Pilot Schools: A Macedonian speaking general secondary school (gymnasium) and an Albanian speaking general secondary school will be selected as pilot schools for RWCT. All of the faculty of these schools, as well as the administrative staff will receive training, and will in turn become trainers for the replication of the program. These schools will serve as model schools for Macedonia to observe the benefits of the RWCT methodology. All progress in the model schools will be carefully recorded. Students should be tracked for a period of ten years after they leave school in order to make an impact assessment possible.
- Replication: The activity should be replicated in 5-10 additional general secondary schools in Macedonia. They should be selected on the basis of geographic and cultural diversity; urban, rural, Macedonian, Albanian, well served, underserved, etc. The selected schools should constitute an approximate representative sampling of Macedonia.

Should USAID enter into a Grant relationship with OSI or Step-by-Step, it should allow partial funding to be used for the completion of Step-by-Step activities in primary education. Competency based learning should be initiated in primary school so that they are able to cope with the demands of critical thinking as they progress through the system. Most of USAID resources should be used, however, to extend Critical Thinking methodology to general secondary schools. Although a good case can be made for assisting Step-By-Step to provide more emphasis upon primary rather than secondary school, the team believes that the GOM is generally committed to the active learning approach at the elementary level and that full coverage will take place, over time, without USAID assistance. The team believes that the greater obstacle is at the secondary level, where frontal teaching is most pronounced, and where teachers have shown the most resistance to active learning. For USAID/Macedonia to pursue its strategy of helping to create a more qualified workforce, critical thinking at the secondary level will be an important ingredient.

Linkage/Relationship to Mission Strategy, GOM Reforms and Other Donor Involvement: The Critical Thinking activity will support access (Sub-IR 3.4.5.1) by improving the quality of education. It will support efficiency (Sub-IR 3.4.5.3) by reducing repetition and dropouts. It will also support IR 2.1 (increased citizen participation) by preparing students to become questioning, participative adults who are accustomed to being given choice.

Critical Thinking is essential to the impending reform of the education system, which will require students to take a revised *Matura* (secondary school leaving) examination. The revised *Matura* will require problem solving ability and will give children more choice in the selection of subjects. The MES BDE has asked OSI to offer more in-service teacher training, in this regard.

Critical Thinking is consistent with the reforms being undertaken by other donors relative to school effectiveness and decentralization. Municipalities will be given control over the schools, which in turn implies a need for a more flexible and responsive teaching body. The Critical Thinking approach teaches youngsters how to become active and responsible in their communities, and engages parents in transmission of these values.

Modality and Partners: There is only one organization in Macedonia that has the capacity to implement this activity, OSI, through its partner organization, Step-by-Step for Critical Thinking. OSI has mounted

activities to extend their successful work into the secondary level, but they lack the funds to go further. USAID/Macedonia should enter into a grant agreement with OSI to carry out this activity.

Timing/Duration: The needs assessment should begin soon after the beginning of the new school year (September, 2002) followed by the Action Plan to be completed by (January, 2003). Workshops should begin by December 2002 and continue through June 2004. The entire project should be completed within a period of three years.

Estimate of Costs:

- \$450,000 – 700,000 over two years with an optional and proportionate extension for a third year.
- OSI might be prepared to match at least 25 percent of the cost of the program.

Results: By September 2005, the following results will have been achieved:

- Two Critical Thinking (CT) Pilot General Secondary Schools and an additional 5-10 Critical Thinking General Secondary Schools will have been achieved.
- 300-500 secondary school teachers, counselors, psychologists, and University professors will have been trained in Critical Thinking pedagogical methodology.
- Revised teaching materials will be available in all CT schools.
- 40 Secondary School (Gymnasium) Principals will have received training in CT techniques and in the management and administration of CT teachers.

Issues and Assumptions: It is assumed that a new Education Minister (after the September elections) will be appointed and will be supportive of the current education reform and of modern principles of teaching and learning. This activity will convert only up to 25 percent of Macedonia's general secondary schools from the traditional mode of learning to the critical thinking mode. A key issue is whether the government will undertake the steps necessary to extend this methodology to secondary schools throughout the country, including technical and vocational schools. It may be interesting for USAID to consider, in this regard, a more robust approach to this problem, possibly within the context of the proposed USAID General Secondary Education Reform activity.

Some have put forth the argument that without curricular reform, teachers and students who have been weaned away from frontal teaching will be hard put to transfer and assimilate the knowledge required by a fact-laden secondary school course of studies. Students, they argue, without frontal teaching and learning will be unable to master the curriculum. This position is not supported by research, nor is it consistent with the reform objectives presently being pursued at MES. Indeed, the revised *Matura* exam due in 2005 will require more by way of analytical skills than the current curriculum requires.

Key Next Steps:

- Work out issues pertaining to modalities of financing.
- OSIM submits proposal to USAID
- USAID responds to OSI proposal, insuring that the concepts herein described are incorporated.
- Enter into Grant or Cooperative Agreement with OSI, which gives them flexibility to sub-grant to Step by Step.

b. Vocational/Technical: School Management Training

Activity Name: Professionalize VET School Administration

Objective: The purpose of this short-term activity is to facilitate policy dialogue and reform by introducing Macedonian educators to alternative ways of selecting and preparing VET school

administrators. This activity is being undertaken in anticipation of a longer-term effort to be funded under the World Bank's Education Modernization Project, which would include the development and implementation of a mechanism to professionalize school administration in Macedonia. The exposure of selected Macedonian educators to models currently used to prepare and select administrators in the U.S. and in Europe would facilitate the policy dialogue and consideration of alternatives that will be needed in the near future. Changes in the way Macedonia selects schools administrators is viewed as essential if the education system is to meet the needs of a market-based, democratic society.

Statement of the Problem: One of the most crucial elements of successful VET programs is strong management capability on the part of the institution's leadership. In countries with weak infrastructures and limited resources, good institution management becomes an even more important variable than usual. More effectively managed schools consistently have more impact than do less effectively managed schools that have similar resources and that serve similar student groups. In addition to higher levels of student achievement, better management makes cost savings in material resources possible.

The VET system in Macedonia lacks capable managers. There are two major reasons for this. First, there is no formal way that directors and other management staff are prepared and certified. This means that school directors must "learn on the job" through trial and error. Second, and probably most important factor contributing to weak management capacity, is that individual school directors are directly appointed and dismissed by the Minister of Education and Science. School directors usually change with governmental or ministerial changes. A strong political element determines the selection and retention of school management personnel.

In some cases, school directors are able to maintain their appointments over an extended period of time free from political dismissal. This is because they remain above any party affiliation, are recognized for their individual competence, have experience and related professional qualifications and have the support of the constituencies that they serve. However, this is the exception. In most cases, directors are appointed because they are in line for political rewards. These appointees sometimes have marginal experience and qualifications, and they come and go with regular frequency. A high level of instability is present at top management levels, coupled with lack of relevant professional preparation and experience.

Rationale: The lack of professional school management, a problem under the current system, will become a critical constraint under a rapidly changing VET system. Significant improvements in the system cannot take hold without professional managers in place, and without giving them substantially increased authorities over their programs. Assuming VET schools are decentralized, there is even greater need for more professionalism with the administrator cadre.

Any effort at instituting useful and needed pre-service or in-service training will not yield reasonable benefits unless the preparation, hiring, upgrading and retention of management staff are put on professional level free from political influence. Otherwise, there is no assurance that any professional preparation investment will yield long-term results. Fundamental policy changes are essential in regard to the preparation, certification and employment of school managers.

Changing the current system implies a reduction in political patronage and will be politically difficult. The proposed study tours are intended to expose key Macedonian educators to practices in other countries and encourages them to become advocates for change.

Description of the Activity: This proposed activity a) supports the formation of a broadly-based Advisory Committee for the purpose of helping to bring about the development of a professional development and certification program for VET school administrators, b) supports appropriate study tours in the U.S. and Europe to examine processes for training and certification of administrators, and c) support the Advisory

Committee development of a reform proposal for the consideration of appropriate Macedonian authorities.

Advisory Committee members will enter into discussions with the various stakeholder groups to build support, identify elements of the professional preparation program, and define characteristics of the certification process. Relevant task groups need to be formed, and training experiences provided to familiarize participants with training and certification systems in the U.S. and elsewhere.

As part of a longer-term secondary level reform program, USAID and the MES might collaborate on the design and implementation of a certification program for VET administrators. Use of existing capacity within the university system to deliver the relevant course work is encouraged (e.g., during summer vacations). The establishment of a new institutional structure probably should be avoided. As one of the most cost-effective ways to prepare professional administrators is through intern placements in effective schools, such programs should be an important element in the training. Such internships for new or aspiring VET directors (in the range of six months to a year) can be established in schools that already have excellent directors. Internships permit a reduction in the course work that would otherwise be required. At the same time, these interns can probably carry out useful temporary assignments in the host schools (e.g., as vice director or some others relevant assignment) while undertaking the certification program.

A crucial element in any professional preparation program is the selection of participants. Selection would ideally be centered on individuals who have demonstrated their potential to be good school administrators. One source of potential candidates is program coordinators. Consideration of the inclusion of vice directors and coordinators in the certification program should also be given, so that a professional preparation sequence is created through which aspiring future administrators can be trained and nurtured.

Linkage/Relationship to Mission Strategy, GOM Reforms and Other Donor Involvement: This activity is fundamental to all other reform and donor activities. It will be difficult to effectively initiate and sustain loan and donor assistance without competent and stable leadership at the school level.

Modality and Partners: This activity might best be initiated through discussions between the Mission's S.O. 3.4 team and appropriate MES staff. Assuming a positive reaction and the naming of appropriate people to the advisory committee, the Mission's existing mechanism for participant training (through World Learning) can be utilized to develop arrangements for a study tour to the U.S. and to appropriate countries in this region and/or in Western Europe.

Timing/Duration: This activity is expected to last six to nine months. The activity might begin early in the summer of 2002 and continue into the early months of next year. Since it is likely that the advisory committee would include several experienced, currently-serving school administrators, consideration will need to be given to arranging the study tour at a time that does not conflict with the Macedonian academic schedule. Recommendations from the Advisory Committee could be ready to discuss with the MES officials named after Macedonia's elections this Fall.

Estimate of Costs: The initial phase of this activity will be financed with funds already provided to World Learning under the Participant Training project. Some short-term technical assistance also will be needed, and will need to be funded separately (estimated at \$50,000 - \$100,000) if the World Learning agreement cannot provide for this.

Results: This activity is intended to create a voice within the Macedonian government for professionalizing VET school administration. The Advisory Committee will be expected to draft and

present a paper on this subject to the new MES and to advocate for the changes it proposes. If successful, this activity might lead to a National Certification Board with broad representation designed to set policy.

One of the most valuable outcomes of this proposed activity is the leverage generated to change the current situation. It will be extremely difficult to institute widely meaningful changes at the school level until administrative capacity is strengthened and stabilized.

Issues and Assumptions: An important issue will be who participates on this Advisory Committee. Government cooperation will be essential, as those participating will need to include government personnel who will need permission to travel under the activity. Technical criteria for selection must predominate. Selection of participants on a political basis would likely ensure that the efforts would be wasted if the upcoming elections result in a change of government.

USAID will need to exercise its influence over the selection criteria for the Advisory Committee. This might be achieved by stipulating the kinds of people that it would be willing to sponsor for the proposed study tour. These might include, for example, career VET school directors (with six or more years of experience) and individuals who have distinguished and lengthy records with BDE.

Key Next Steps:

- Locate and get advice from small "core" of significant leaders within the business and employment community, significant educators and respected leaders and intellectuals. Also solicit advice from various donor groups.
- Form a small steering committee of about seven leaders and charge with nurturing and guiding this activity. Short-term technical assistance will be required to help the steering committee.
- Use Committee activities to create a climate for change.
- Broaden the base of activity to include task groups under the direction of the steering committee. This will bring into the process potential constituent groups.

c. Decentralization: Empowerment of Primary School Parents' Councils

Activity Name: Parent-School Partnerships

Objective: The objective of Parent-School Partnerships is to improve the quality of education by making it more relevant to local needs and to foster effective community advocacy on behalf of education through active participation and interaction among stakeholders in the Macedonian education system. This activity will:

- Raise awareness of the importance of active participation by parents and the community in educational improvements.
- Support parent councils in the development of mechanisms to participate in decision making regarding funding, child-centered, competency based learning
- Increase cooperation and communication among stakeholders: i.e., students, parents, parent councils, education specialists and education bodies.
- Build capacity in a core group of individuals influential in civil society development within the education system of Macedonia.
- Promote sustainability and expansion of the role of civil society in the education sector of Macedonia.

Statement of the Problem: Since independence, decision making in the education sector in Macedonia has been highly centralized. Parents have had little voice in the education of their children. Communication

has been "one way" from the Ministry of Education and Science to the school and from the school to the parent. Although there is considerable inequity in the delivery of educational services, particularly in ethnic minority municipalities, there has been very little opportunity for civic involvement in bringing such inequities to the attention of the appropriate municipal and national authorities.

Rationale: Unless stakeholders, both parents and school personnel are given more voice in decisions relating to the education system, the GOM's impending decentralization reform will fail. Instead of fostering broad civil governance of the system, it will simply transfer management and decision making from one level of the MES to another, with the central government continuing to pull the strings. Even if the MES transfers authority to Mayors, Municipal Councils, or School Boards,¹⁴ without Parent Councils, there will be no vehicle for the community to advocate in favor of better quality and more relevant education.

Description of the Activity: The objectives of this activity will be achieved through a three staged process or approach:

1. **Parent Council capacity building – organizational development:** In this phase, Parent Councils will self-organize, effectively run a sustainable community organization and projects and will prepare annual plans with implementation guidelines.
2. **Parent Council capacity building around child centered and competency based learning:** Parent Councils will identify and prioritize child focused needs in schools, and engage in generating change within the broader community. During this phase the Councils will develop local and regional partnerships and develop fund raising capacity on behalf of the schools. To facilitate this, the grantee will implement a small grants program with the Parents' Councils.
3. **Networking and Advocacy:** In this phase, Parent Councils will understand their rights and responsibilities and organize to ensure, through networking, accountability and transparency within the education system of the community.

Linkage/Relationship to Mission Strategy, GOM Reforms and Other Donor Involvement: The principal Intermediate Result of this activity will be the formation of operational community education advocacy groups that will lead to more equitable and higher quality education per sub IR 3.4.5.2. The Mission points out that, "Parental involvement, through parents' associations is another area where USAID may be able to make a contribution to the quality, as well as on the access (stay in school), issue."¹⁵ The Parent-School Partnership facilitates citizenship with parents, teachers, students and principals to improve access and quality of education. Although this activity is being designed as part of an overall education sector effort that will reinforce GOM and other donor efforts toward the decentralization of the education sector, the activity indirectly also supports I.R. 2.1 and 2.22 of the Mission Strategy which aims to change the level of citizen participation by improving citizen attitudes as well as opportunities and information available to them.

This activity also coordinates well with the projected World Bank Education Modernization Project, which contains school grants and school effectiveness components that are intended to strengthen the capacity of schools and municipalities to manage education. The activity reinforces USAID Local Government Reform Program (LGRP) efforts to promote decentralization in the education sector by strengthening the ability of stakeholders to interact with the reforms.

¹⁴ School Boards are constituted about equally with government officials and representatives of the community. All are appointed.

¹⁵ USAID/Macedonia Amended Strategic Plan, July, 2001, p.84

Modality and Partners: The proposed activity responds to a request from Catholic Relief Services (CRS), which has been deeply involved in Parent-School Partnerships for a number of years. With support from other donors, CRS has been working to strengthen Parent Councils in some 34 communities. With USAID support under SO 2, CRS has been developing and implementing a civics curriculum for primary schools. In carrying out this latter responsibility, CRS works with the Parents' Councils to obtain inputs into the curriculum design process and get parents to reinforce the civics curriculum content in their homes. The work with Parents' Councils, which is specifically called for in the USAID-CRS Grant Agreement, is a critical element in the USAID funded effort to strengthen civics education

The Mission's new involvement in the education sector has highlighted that CRS' work with the Parents' Councils also strengthens education across the board. The proposed expansion of CRS' efforts to work with and strengthen Parents' Councils will, thus, contribute both to the achievement of SOs 2.0 and 3.4. The SO 2 Team thus proposes that additional work with Parents' Councils be funded through either an amendment to the existing CRS Agreement (the preferred option) or via a separate new grant.

Timing/Duration: Activity should begin in September 2002 and continue for three years.

Estimate of Costs: \$616,000 over three years with 25 percent CRS participation.

Grants:	\$310,000
Administration/Equipment	\$306,000
Coverage:	36 Parent Association over a period of three years.

Results: The following results will lead to the realization of the above-mentioned objectives:

- Transparent and accountable school processes and procedures are in place.
- Parents are informed of key issues and of the benefits of parent-school partnerships.
- Parent Councils are strengthened to work independently with school staff, students and the broader community.
- Small grants have been made and implemented, which in turn have resulted in education improvement.
- A participatory Parent Council monitoring and evaluation system is in place.

Issues and Assumptions: The Mission should encourage the grantee(s) to implement its initial USAID sponsored activities in underserved municipalities and schools.

CRS should be encouraged to include 10-12 secondary schools in its program.

Key Next Steps:

- Generate proposal from CRS
- Respond to proposal and amend CRS Grant Agreement accordingly.

4. RECOMMENDATIONS FOR BROADER SECTOR ASSISTANCE SUPPORT

The following section presents descriptions and specifications for three program assistance opportunities for USAID. They build upon the activities suggested above, and represent important areas of need in the ongoing reform of Macedonia's education sector. They also represent interventions that utilize USAID's comparative advantage in aiding the sector.

a. General Secondary: Promote Broader Reforms, with a Focus on the Sciences

Activity Name: General Secondary Education Reform Support

Objective: The objective of the General Secondary Education Reform Support (GSERS) activity is to accelerate and strengthen the improvements to general secondary education that have recently begun in Macedonia, particularly in the areas of science and informatics. The result of this support will be that graduates of the forty general high schools will be better equipped to perform at the higher education institutions, while the others will be better prepared to gain employment in the workforce.

Statement of the Problem: In 2001, the GOM initiated a set of ambitious reforms for the overall improvement of the general secondary education sector. The framework for these changes is provided in the MES Education Development Strategy (2001-2010) that was adopted in March 2001, and covers *inter alia* improvements in curriculum, teaching, learning materials, student assessments, administration, facilities and equipment. These reforms are ambitious and needed. Their aims, however, will fall short unless the efforts are better financed, based on sounder pedagogical principles, and more strategically implemented. Specifically, the curriculum reforms being implemented are shallow, the requisite teaching and learning materials (other than text books) lacking, and the equipment to allow hands-on learning by students unaffordable. More generally, a comprehensive plan is missing for fostering the kinds of learning and work-linkages outcomes that are foreseen in the MES Strategy.

Rationale: Macedonia's economic and social development is dependent upon a steady flow of well-educated manpower from its institutions of secondary education. While there remain challenges at the primary and pre-primary levels of the system, to a large degree these are being addressed through various means and sources of support, both public and private. In particular, the World Bank and the Dutch Government intend to support improvements in primary education with a new "Education Modernization Project" likely to be initiated in early 2003. The secondary vocational education system is being transformed (to a degree) with support from the European Union and GTZ most notably. Also UNICEF and the local and international NGO communities are contributing to reforms in one or more of these sub-sectors.

On the other hand, general secondary education has been relatively ignored by the donor and non-governmental agencies, yet represents a critical platform in the production of trainable and employable human capital. The request for USAID assistance to general secondary education has come from many quarters, including the Minister of Education and Science, officials in the Bureau for the Development of Education and Project Coordination Unit, the Task Manager for the new World Bank project and others within the academic and NGO communities of Macedonia. By engaging in secondary education reform in a comprehensive way, USAID will be able to influence policies and practices that bear on the quality and employability of high school graduates. Success in this realm will make secondary schooling more attractive to others who might otherwise not enter or complete high school.

Description of the Activity: The GSERS activity will complement and help guide the reform of general secondary education throughout Macedonia. At present, most attention in the reform process is being given to the re-structuring of the curriculum, with the principal intention of reducing requirements and offering more choices in subjects. There is significantly less attention being given to the other curricular reform objectives, namely, making learning more active, practical and competency-based; introducing more engaging teaching strategies; and offering new subjects that articulate well with emerging trends in the wage economy. There are no known plans for monitoring and measuring how successful the reforms will be in meeting MES objectives.

GSERS would provide inputs to allow greater attention to these under-resourced and neglected areas. The inputs would be in the form of technical assistance (principally or exclusively short-term), training (mostly in-country, but also study visits to other countries, and commodities (specifically natural science and Information Technology teaching aids and equipment). There must be great emphasis placed on upgrading the skills and knowledge of general secondary school teachers and administrators. While GSERS would assist the overall reform effort in general ways, it should provide particular emphasis and resources to improve the natural sciences and informatics aspects of the curriculum, where the investment needs are greatest. Also, while the major portion of USAID's assistance should be used bilaterally with the national or local authorities, some amount might be reserved for NGOs that are furthering the reform process. For example, the short-term activity proposed elsewhere in this report might be expanded through this mechanism, provided there is commitment and action on the part of the NGO to work toward systematization and sustainability of their innovations.

There is an apparent need to make the general secondary education curriculum more applied, particularly in the natural sciences, informatics and perhaps mathematics. The possibilities need to be carefully studied by curriculum experts, but there is stated MES intent for moving in this direction, but little evidence that it is happening. Likewise, there is desire to make learning more participatory for students, but deficiencies in facilities, equipment and teacher preparation stand in the way.

Modern learning methods are available and might be tried to facilitate these outcomes. For example, with relatively modest investments in computers and educational software (compared to lab facilities, equipment and supplies), "virtual science labs" could be installed in schools allowing all science students to experiment with simulated devices, substances and specimens. Using computers as tutors, computers as simulators, computers as avenues to Internet-based knowledge are also promising for enhanced learning. Whether or not these examples have relevance for Macedonia is unknown, but there clearly is a need to bring non-conventional thinking into the debate about how to make learning more effective and engaging for secondary school students.

Due to the interest in making secondary education more closely linked to the needs of the emerging market economy, it is essential to build a component in GSERS that examines market place developments and assesses the suitability of school graduates to these. Specific job-related training must be avoided at general secondary, but nonetheless generic skills and attitudes can be inculcated that articulate well with requirements of the workplace. This component might also explore the feasibility of building a career-counseling function into high schools, since this is totally lacking in the current system.

The program needs to be designed based on much more dialogue and analysis. The present exercise did not provide the time nor scope to specify all of the requirements and intervention strategies that will be needed for it to succeed. It simply verified the need for greater attention to this sub-sector, and allowed for a delineation of next steps (see below).

Linkage/Relationship to Mission Strategy, GOM Reforms, and Other Donor Involvement:

GSERS relates to the following elements of the Mission strategy:

- Sub-IR 3.4.5.2: Improved quality of education – Quality improvement is at the heart of this activity. The curriculum will allow more applied and active learning, the teachers will employ more effective teaching-learning strategies, and the students will learn in ways that improve cognition, problem-solving and creativity.
- Sub-IR 3.4.5.3: Increased (external) efficiency of education – The graduates of the improved secondary school programs will be better guided and prepared to continue with tertiary education or to enter the workplace.

GSERS will directly address several of the elements of MES's 10-year education strategy, which calls for a more flexible and practical curriculum, more active and competency-based learning, new methods for textbook development and publishing and more modern learning materials and equipment.

Starting in early 2003, the World Bank plans to implement a new Education Modernization Project, with (IBRD) funding expected to total \$15 million. The Dutch government hopes to complement this effort with significant resources of its own, perhaps ranging from \$8 to \$10 million over the four year program. While EMP has a particular emphasis on primary schools and overall sector management strengthening, it will indirectly contribute to this activity by strengthening MES capacity for planning and implementing system improvements, collecting data and analyzing policy choices, allocating resources by objectives, and setting learning standards and measuring system effectiveness. Gains in these areas will complement at the system level, what GSERS aims to achieve at the secondary school level. Further, the Dutch may support the piloting of innovations in applied science education at high schools through an arrangement with the Amstel Institute in the Netherlands.

Modality and Partners: A direct USAID contract or cooperative agreement is suggested as the implementation modality. The instrument should include the possibility of sub-contracting/sub-granting to local non-governmental organizations that are assisting the sector, provided this funding would help to institutionalize their efforts. In addition, should Peace Corps return to Macedonia over the next year or two, GSERS-targeted schools would make excellent volunteer assignments, especially those who could assist in the sciences and computer-related innovations, as well as in English. The partners would be MES/BDE and PCU, MES regional offices, high schools, World Bank, Dutch, NGOs, and Peace Corps.

Timing/Duration: 4 years, starting in mid to late 2003

Estimate of Costs:

Equipment for renovating science classrooms and equipping science labs: 40 schools @ \$100,000 each, total \$4 million.

TA (long term, short term, international, domestic)

Training (mainly in-country)

Local, operational and administrative support

Total \$2.5 million per year for 4 years, \$10 million

Results: Graduates of general secondary schools who are better prepared to face the challenges of the workplace or higher learning, as evidenced by enhanced employment rates and better performance in initial year of university, especially in the natural sciences and informatics. Over time, the better performing schools and graduates will become more attractive to youth (and their parents) who currently view this level of education as irrelevant to future employment prospects.

Issues and Assumptions:

- Elimination of political patronage practice in the appointment of key administrative and technical staff, including high school principals is essential
- Teacher training practices, both in-service and pre-service, need to be examined in light of the need for a more relevant curriculum and more engaging teaching methods
- Textbook development and publication statements in the Education Strategy need to be implemented, making books and other learning materials more diverse and affordable
- Curriculum development procedures should be streamlined and made to conform to a education system that wants to become more flexible in its course offerings.

- High school governance policies and administrative practices need to be improved, with much more decision-making allowed at lower levels, including the municipalities and the schools themselves.

Key Next Steps:

- Design for the GSERS should begin by the fall of 2002, when there will be greater clarity on the next government and the Education Modernization Project. Based on the concepts and parameters discussed herein, a team of two to three consultants should be engaged to continue the dialogue with the MES and other partners and to assess the new environment for change and plan for the remaining design needs. The team should have expertise collectively in science education, educational technology, curriculum and instruction and teacher training.
- In addition, studies need to be conducted to analyze the scale and scope of inputs GSERS will require. In particular:
 - high school equipment needs should be assessed and costs estimated
 - teaching/learning materials required by the science and informatics curricula need to be assessed
 - teacher training programs should be examined for their relationship to curricular and learning goals
 - feasibility of developing a career guidance program into the high schools (perhaps by re-defining or expanding the role of the schools psychologists) should be assessed
 - determination of the need to assist the reform of the *Matura* exam, specifically regarding its rationalization with the curricular innovations to be pursued under GSERS.
- Enter into dialogue with MES and BDE decision-makers on the need for greater attention in the curriculum for new approaches to learning and new technologies, such as internet-based research, computers as tutors, virtual science laboratories, computer education courses, learning by simulation, distance education, after-school activities, etc.
- Undertake research and analysis in the areas of curriculum, teacher quality (especially Albanian), textbook development/production, library facilities and use.

b. Vocational & Technical Education

1. Youth Empowerment Centers (An Alternate Skills Training Model)

Activity Name: Youth Empowerment Centers

Objective: The purpose of this activity is to target economically depressed areas and address employment generation and relevant training access through the establishment of Youth Empowerment Centers.

Statement of the Problem: The formal sector economy no longer offers employment opportunities for many youth. The Youth Employment Centers are designed to assist students in acquiring skills that will enable them to develop employment possibilities within in their local communities. This model provides an alternative to the formal VET system, and serves as a way to address the employment preparation needs of members the more disadvantage populations in Macedonia.

Rationale: There are high levels of unemployment within the formal economic sector. Youth and adults have a difficult time finding jobs with established firms. The possibility of a surge in employment opportunity in the foreseeable future is remote. Some communities in rural areas and areas where key industries have closed are particularly hard pressed. One of the few possible avenues open for useful work is self-generated employment. This proposed activity is designed to empower youth living in economically depressed areas to create their own employment opportunities.

Description of the Activity: Youth Empowerment Centers (YEC) would be created to offer a program of studies based on local occupational opportunities. YECs are an alternative or replacement for poorly functioning VET centers, and they would be operated in cooperation with the MES but outside of the formal educational system. (Agreement of the MES for this needs to be obtained.) Practical work would be combined with relevant theory. Instruction would be centered around and fully integrated with production and service work. Local demand would determine the kind of work, thus providing a self-correcting mechanism to the program of studies. For example, if there is demand for small appliance, TV, radio and computer repair and servicing, then the program is slanted in this direction. Similarly, in another community there may be demand for pump, agriculture equipment and machinery servicing and repair or construction skills.

In addition to technical training, students would study core skills in small business practice, applied mathematics and science, and writing and communication skills. Students will be able to set up a simple accounting system, make cost estimates of jobs, write business letters, develop an inventory system or calculate the angle of a roof rafter. Computer and electronics are also core skills in each of the Youth Empowerment Centers. In sum, instruction consists of related "academic" core skills in mathematics and science, and writing and communication; related technical skills in small business practice, electronics, and compute use; and specific technical training in between one to three skill clusters, depending on factors within the community. All instruction is performance-based, that is designed so students can "do things." Instruction is flexible, so students can move within and between core subjects and clusters.

Production and service jobs provide technical practice as well as function as a source of income generation. Students earn credit toward their fees by working under the direction of the teacher/technician. The amount of practical work increases over the course of the program, so by the third year experienced students function as supervisors of the work, assist customers, make job estimates and assist clients off the school site. In other words, students are prepared to be independent technicians.

Linkage/Relationship to Mission Strategy, GOM Reforms and Other Donor Involvement: This activity addresses the Mission's Sub-IR 3.4.5.4: Increased access to non-formal education. The strategy states, "USAID investments in non-formal education must be defined in coordination with the activity design for the labor market transition component in order to ensure that training, including high school equivalency, college preparation, and skills development courses respond to actual demand by the workforce and potential employers."

Modality and Partners: The project should be developed and operated through a local NGO. A community board should be established, not only to help to gain project support, but also to generate income opportunities. A community board also will improve the possibility of sustaining the YEC.

The local community would be expected to provide an appropriate facility. USAID funding would be used to support technical assistance, train staff, equip instructional laboratories and classrooms, and supply instructional materials. Operational expenses should be supported on a sliding scale, so that by the third year of operation the centers will be expected to fund operational cost through modest student fees, income generated through production and service activities, and government and community support.

The Junior Achievement Program has the potential to contribute to the YEC, but the program in Macedonia appears to have leadership and management problems that limit its potential effectiveness. Nevertheless, it may be useful to explore the link between the two programs. Text material already has been translated into Macedonian, Albanian, Turkish, and Serbian.

Timing/Duration: This activity is expected to last three years. First year activities would include selecting the center locations, building community support, refurbishing and equipping the facilities, designing the program, and training staff. The instructional and training program would be initiated in year two; revision and correction would be instituted in year three.

Estimate of Costs: The income-generating activities under the direction of the teacher/technician will help to offset costs, but rarely do such centers become totally self-supporting. Compared to other institutional forms, however, costs tend to be lower. Capital investments generally have to be supported from outside sources. Collaborative sources of funding will have to be located over the long-term. Estimated first-year costs for refurbishing and equipping three centers are \$250,000 each; second year, \$50,000 each. Community support work, staff training, and other: \$75,000 for each center over three years.

Results: The YEC has the potential to be an effective mechanism to serve economic disadvantaged and minority youth. And it may offer one of the few opportunities to generate local employment. The number and location of these centers would reflect need and financial constraints. One attractive option might be to establish three YECs; one in the depressed eastern region of the country, one for Albanian youth, and one in a ethnically mixed community.

Issues and Assumptions: USAID will need to initiate discussion with the MES to determine the specific educational role of YECs. Will they be used to replace poorly functioning regular VET schools? Or, will they be used mainly for out-of-school youth? What will be the relation of YEC to the formal educational education system, and what level of recurrent financial support can be expected from the MES?

Key Next Steps:

- Initiate discussion with the MES, or possibly the Ministry of Labor to solicit support and clarify legal status. To establish creditability it may be useful to award a completion certificate.
- Identify location of centers.
- Identify a local NGO. Work with community groups to build support. Form a community board.

2. Linking Schools with Employment (An Accelerated Training Model)

Activity Name: Linking Schools with Employment

Objective: The purpose of this long-term activity is to demonstrate a viable alternative to the current VET system based. This model moves one more step beyond the Phare initiative in the direction of a flexible, quick response training approach that links schools and employers. Pre-employment training is formulated in terms of increasing the individual's potential to successfully navigate the employment market rather than in terms of specific skill training and job matching. The accelerated training component of the model addresses specific skill development at the time of employment. The capacity of employers to plan and deliver their own training is strengthened.

In anticipation of a long-term effort directed to education modernization, value can be gained from exploring an alternative to the current dysfunctional VET system. This is a pilot project in the sense that it is designed to demonstrate the effectiveness of an alternative work preparation model, and prepare the way for the redesign of the present public VET system.

Statement of the Problem: The present VET system does not function well in addressing employment-related requirements. As discussed, the system is too rigid for the changing realities of the present market. It is costly, and the output in terms of student performance is very mixed. There are both a serious shortage of resources and a deteriorating education and training system. Heavy central control

stifles change. There also is a weak link with the employment community, and much of what is taught in the schools is irrelevant to the labor market in Macedonia.

Rational The Linking Schools with Employment activity supports the development of a training program that connects with employers, that is highly flexible in the delivery of services, and that provides a quick response to emerging labor employment market requirements. It makes use of the public VET system, but requires a different and less costly approach to the development of basic employability skills. Specific skill training is provided through collaborative programs with cooperating employers.

More conventional approaches to workforce preparation, such as the present system in Macedonia, situate pre-employment training within established training centers operated with public funds. The expectation is that students will learn specific job skills equipping them to enter directly into employment. As previously discussed, established VET centers, however, have limited ability to respond to employers reconstructing their labor force. Also the cost of operating fixed centers for very specific training is high.

The accelerated training model represents a shift from long-term training of young people for their first jobs to basic workforce preparation and short-term specific skill training at or close to the time of employment. Rather than highly specialized preparation targeted to a specific job, secondary students pursue work in basic core subjects fundamental to work preparation and work. Electronics, computer skills and technical communication are examples of core subjects, as are mathematics, science and language subjects. Students also study core technical skills, but they are presented in broad clusters with no intent of specialized training. What are termed "cluster" or "integrated" programs are used in contrast to "job specific" programs.

Work requires the use of three kinds of skills: the application of academic skills in a relative "pure" form, related academic skills adapted to specific technical uses, and technical skills specific to a particular job. The accelerated program shifts emphasis in general pre-employment training to academic and some technical applications of academic skills. Additional specific applications of academic skills, and technical skills become the primary focus of the training conducted in collaboration with potential employers at or near the time of employment. The basic initial training in the school is at a higher level than in more "conventional" programs, reflecting changing labor market requirements. This focus helps to accommodate the demand for more high-skilled, capital-intensive production which is fueled by technological change and international competition.

To be sure, work preparation programs require specific training, but employers tend to want to do their own specific skill training, and the amount of specific training tends to be less than is commonly assumed in more "conventional" programs. In the accelerated program, specific skill training is carried out in collaboration with employers. In the case of large employers, it is possible to form reasonably large groups that can be trained at the site of employment using the equipment and personnel of the firm. In the case of smaller employers, it is necessary to work with a number of firms to form groups of trainees. In both cases, program features are basically the same: Training cohorts are formed and reformed as employment opportunities and training needs are identified; trainees are selected from a candidate pool; specific skill training is delivered using the work site, tools, equipment and trainers of the collaborating employers; and the program is closed-out when enough individuals are trained. This is a quick response, flexible approach to meeting employment needs. The training initiative comes from the employers.

The accelerated training program, however, requires close collaboration with employers. In many countries, coordination with small- and medium-size employers is weak. An important aspect of this activity is to work within the Workforce Competitiveness initiative to locate, help develop and use various groups and organization to provide training services. An objective is to help employers to take responsibility for their own human resource needs, and to stimulate the development of training service

providers. It is important to nest training capacity within the Workforce Competitiveness initiative because training services are best used when they are combined with other services to support management development, product development, production improvement, and market expansion. Training is but one intervention in a comprehensive package of services linked together to make production more efficient and competitive. This approach recognizes that training must often combine with other interventions to solve complex workplace problems. The need for training is seldom isolated from and independent of other, non-training needs. For this reason, the link with the Workforce Competitiveness initiative is an essential consideration.

Description of the Activity: Three major program components need to be developed. First, a system for structuring the formal instructional program around clusters of core skills is needed. This will require new ways of thinking about curricula and new ways of organizing instruction. USAID support will fund technical assistance, equipping instructional laboratories and classrooms, curriculum development and teacher training.

Second, a coordinating capability for working with employers, both large and small, needs to be developed. This function should be centered within the school in order to maintain a direct link with the employing community. The responsibility of the school does not stop with the student completing the formal program of studies. VET programs are more effective when they maintain active linkages through which students are helped with job placements and crucial feedback is provided through employers. USAID funding will be used to support the training of linkage coordinators.

Third, the capability needs to be developed within employers groups and individual employers to organize and monitor on-site, skill-specific training. This will require USAID funding for technical assistance.

Linkage/Relationship to Mission Strategy, GOM Reforms and Other Donor Involvement: This activity links with and contributes to USAID's Workforce Competitiveness initiative. The possible linkages with the PRISMA program also should be explored. Their objectives extend beyond the scope of this activity, but there are common areas of possible collaboration.

Modality and Partners: The Workers' University presently is an under-used resource in Macedonia. They have extensive experience in designing, organizing and delivering, short-term, tailored training. One option to consider is to use the Workers' University to assist employer groups with building training capacity. It is important, however, to emphasize that the objective is to help build capacity, and not to deliver the training directly, although in some cases this may be the most cost-effective alternative for some employers.

Timing/Duration: This activity is expected to take three years with an optional two-year extension based on available funding. The basic program building activities should occur during the first and second year. The third year, and possible two-year extension period should be used refining the system. Only modest levels of USAID support are required for the initial time frame.

Strengthening employer training capacity can start early and does not have to wait for the secondary school component to be established.

Estimate of Costs:

- One secondary school: first two years: \$500,000 per year, \$350,000 third and \$250,000 each year of extension.
- Employer component: \$75,000 first two years; \$50,000 remaining years

Results: One spin-off benefit from this project activity is to encourage employers to take responsibility for the development of their own human resource requirements. This project activity can help employers to build local human resource development capacity. Another benefit is that it can help to move public education away from supply/demand manpower projection planning model that has locked VET into a rigid, dysfunctional system. Employers have the responsibility for specific training; at the same time, schools respond to labor market signals from employers by making adjustments to general core programs that are designed to provide broad opportunity and enhance the ability of students to navigate an uncertain labor market. Program emphasis is shifted from attempting to match training with specific job openings to empowering individuals to navigate the labor market more successfully.

Issues and Assumptions: What about students who do not participate in an accelerated training program with a specific employer? These individuals are still in a better position to navigate the labor market because they have a much broader set of skills than graduates of more "conventional" programs, and, thus, more options. And at the same time, there is less capital investment required at the school level, less recurrent funding is required, and it is much easier to upgrade program elements. Greater management capacity is required, however, at the instructional level and at the level of coordinating activities with employers.

Key Next Steps:

- Key potential players from both education and the private sector need to be identified as a first step. These individuals can benefit from the study of similar collaborative programs in the United States. These programs mainly are located in regional vocational centers and community colleges.

c. Education Decentralization & Governance

Activity Name: Management and Administration of Decentralized Education (MADE)

Objective: To encourage and support GOM efforts to decentralize and reform education governance, management and finance in Macedonia.

Statement of the Problem: Local communities have little or no voice in the education of their children. National resources for education are not allocated equitably. The Ministry of Education and Science expends much of its energy on the day to day management of the schools and little effort in strategic and policy development. The Albanian minority strongly believes that the existing system discriminates against them, and there is prima facie evidence to support this view. Whereas ethnic Albanians constitute almost 23 percent of the population (or even 30% by recent USAID estimates) and 30 percent of primary school students, only 16 percent of secondary school students, and 6 percent of university students are Albanian. Although there is a propensity to attribute this to ethnic based issues, it is very likely that poverty is a contributing cause. In the case of seven, outlying rural "Albanian" elementary schools that were visited by the team, it became clear that whereas students could walk to elementary school, secondary school, which was 27 kilometers away, was totally out of reach due to lack of transportation. As stated earlier in this paper, poverty and lack of access to secondary education are not limited to the ethnic Albanian population. Poverty is a broader problem in all economically depressed areas. Many Macedonian students also lack the resources to travel long distances to secondary school. Macedonian as well as ethnic Albanian families in economically depressed areas cannot afford the opportunity costs of sending their children to secondary school. Decentralization should allow communities to better deal with these kinds of issues.

Rationale: The driving force for decentralization derives from the European Union's Charter on Local Self Government, which Macedonia ratified in 1997. Meeting its obligations under the Charter is a key benchmark on Macedonia's path to membership in the EU. Several aspects of the education system, such as quality, access and governance will be enhanced by the introduction of lower level decision-making responsibility. Under the current structure, nearly all decision-making and service delivery is a function of the MES. Parents, principals, teachers, municipal governments and interested stakeholders have little voice in the planning, management or financing of education. Communication is unidirectional with only token reference to real participation.

This appears to be changing. An increasing number of NGOs are becoming involved in teaching methodologies, such as active learning and critical thinking. The government is listening to them. As further explained in the sector review section of decentralization, the underlying "Framework Agreement" induced the GOM to pass a law on decentralization. In the education sector, the first phase of the implementation of the law, as explained by the legal advisor to the MES, requires that ownership of all schools be transferred to municipalities.¹⁶ In the case of secondary schools, this presents issues since there are fewer secondary schools than there are municipalities. This implies either joint ownership or some other solution. Since the GOM plans to reduce the number of municipalities this may solve the ownership issue. Also, since municipalities will be required to maintain the schools, with their own resources, there will almost certainly be equity considerations. As decentralization moves into succeeding phases, financing will be a key issue. The MES will almost certainly have to develop equity enhancing resource allocation models in order to target resources toward those communities that need them most.

Description of the Activity: Education reform is one of the two principal foci of USAID's Local Government Reform Program (LGRP). LGRP's work plan envisions substantial assistance to the Ministry of Education and Science in rationalizing its statistical and analytical operations. In late March, USAID's Local Government Reform Program (LGRP) financed a specialist in educational decentralization to flesh out some of the issues involved in decentralization and to generate a timetable for LGRP support to the education sector. His (draft) report¹⁷ is quite positive and recommends longer term USAID involvement, beyond the current life of LGRP, with which we agree. After conferring with GOM and World Bank officials, the team concludes that it makes sense to assist the GOM to think through, plan for and implement actions connected to the decentralization of Macedonia's schools. USAID has had very considerable experience in decentralization of education, and it is the foundation upon which all U.S. education is governed and delivered.

Assistance to GOM decentralization of education will take place over three phases:

1. As stated, the first phase will focus primarily on transferring school facility ownership. Despite this limited objective, there is an awareness of the political sensitivity and complexity of the task.
2. The second phase would focus upon improving the MES's capacity to manage a decentralized system with an emphasis upon (i) financial management of the a decentralized system and allocation of national funding to schools and municipalities, and; (ii) assistance to the MES in the development of criteria for allocating the school improvement grants that it will receive under the World Bank's Education Modernization Project.
3. The third phase will focus on governance, equity, school quality and local education administration.

¹⁶ According to Robert Rafuse of LGRP, it is not strictly accurate to say that the amended Law on Local Government requires that ownership of all schools be transferred to municipalities. Discussion has focused for over a year on the transfer of assets; it is not specifically mandated by the law.

¹⁷ Macedonian Education Decentralization Mission, Tony Levitas, April 11, 2002.

The first phase has several tasks. Interviews will be conducted with all stakeholders in the system relative to their views and vision toward education in general and the transfer of schools in particular. A team will examine existing financial arrangements between municipalities and schools. The team will review data on expenditure for school infrastructure and maintenance, review available data on municipal revenue, assess capacity of individual municipalities to manage school facilities, and prepare a 15-20 page document designed to define the pros and cons of various policy choices relevant to education decentralization, and the identification of the actions and preparations that the government need to undertake to make informed policy choices and to implement them. All relevant information on enrollment and financial data will be assembled. Interviews will be held with Ministry officials, including those of the newly formed Bureau of Statistical Analysis, on the formulation of national and school budgets. Interviews will be held with the Macedonian Statistical Office on the processing of educational statistics. Discussions will be held with the Minister concerning the provision of sustained technical assistance by the LGRP for improvement of the Ministry's capacity in the area of decentralization. Finally, a plan for LGRP assistance to the MES will be drafted which describes (i) a program of short term technical assistance over the period June 1- September 30, 2002, and (ii) a program of extended technical assistance over the succeeding two year period.

In a second phase, which will take place over a period of about two years, USAID would focus its efforts upon the implementation of the workplan(s). It is important to note that the implementation of this phase will be focused, though not exclusively, upon issues related to the transfer of facilities and its impact upon management at central and municipal levels. It is recommended that LGRP establish a separate management structure for the administration of educational decentralization activities. The first two phases of the decentralization focus upon management and service delivery. These initial efforts (phases one and two) should be seen as preparatory activities for a more robust activity that will begin in 2004, or earlier, if the GOM makes good progress with its phase-one decentralization plans.

This third phase activity should target decentralized governance and school administration as it relates to the improvement of school quality and equity. This phase should be mounted in concert with other donor activities in the sector and should integrate well at the municipal level with USAID efforts in the reform of general secondary education, with an emphasis upon improving quality and efficiency.

Although it is too early to scope out the precise nature of this third phase activity, based upon comparative advantage, USAID should address the following:

- Assistance to the GOM in educational planning and management..
- Governance, including technical assistance to strengthen the capacity elected school boards.
- Leadership and management training.
- Development of equity enhancing resource allocation models.

In the third phase, other donors may wish to finance activities to strengthen:

- Pre-service teaching training
- Teacher and administrative certification
- Curriculum development, including local content.
- Evaluation of school effectiveness
- Educational research
- Student assessment

Linkage/Relationship to Mission Strategy, GOM Reforms and Other Donor Involvement:

Decentralization of education is linked to several of the Mission's Sub IRs under SO 3.4.5, "Human Capacity Strengthened through Targeted Education Sector Programs." Decentralization will improve access (3.4.5.1), by enabling municipalities to deal with issues that inhibit access to primary or secondary

school. Using the example previously cited, if lack of transportation prevents rural children from attending secondary school, municipalities will be empowered to take action. Decentralization will improve *quality* (3.4.5.2) by giving stakeholders voice in issues affecting the education of children, and by enhancing equity in the allocation of national funding to underserved schools. Decentralization will improve internal and external *efficiency* (3.4.5.3) by empowering communities to offer more locally relevant education that will keep more children in school longer.

The MES is committed to decentralization. It is enthusiastic about the aid already provided through LGRP and about the prospects for continuing support. The Ministry of Finance is equally welcoming of USAID assistance in this area. The World Bank works closely with LGRP on decentralization issues and welcomes USAID's continued involvement.

Modality and Partners: Decentralization is a sensitive issue in Macedonia, and the specialists who are already engaged have developed trust and confidence. It is important to capitalize on and deepen such relationships. In view of the synergic benefits to be gained by associating decentralization in the education sector to similar efforts in other sectors, it makes good sense to continue to fund at least phases one and two through LGRP. Having said this, it is important for the education sector to carve out its own identity, as the Mission broadens its involvement in the sector. As the Mission moves to phase three, it will want to contract competitively, as there are various approaches to the issues involved and many organizations that can bring talent and experience to the table. Based upon the findings and results achieved by the LGRP team, and on GOM progress toward further decentralization, the Mission should contract with an independent design team to design the third phase of its governance and decentralization effort which will address policy and operational issues arising from the decentralization that affect access, equity, quality and efficiency.

Timing/Duration: The tasks described under Phase one should begin virtually immediately, and should continue over a period of 23 work days involving a team of three persons:

- A decentralization specialist with extensive experience in Eastern Europe.
- A specialist in educational information systems with a broad statistical background.
- A current or former Eastern European education official who has undergone a similar decentralization and understands the broad issues that are involved.

The same team with the possible addition of an education finance person should provide the bulk of technical assistance under phase two which will take place over a period of two years beginning in June 2002. Phase three should begin about January 2004

Estimate of Costs:

Phase 1: \$17,000

Phase 2: 12 p/m technical assistance; 18 p/m operations/management support; \$210,000 over 2 years.

Phase 3: \$5-10 million over five years.

Results:

Phase 1: 1. A 15-20 page action plan that outlines key issues involved in the first phase of decentralization.

Phase 2: 2. Linking of MES financial data with enrollment data.
3. Analysis of existing school revenue from all sources in per capita terms.
4. Analysis of the nature, extent and cause of variations in per-pupil expenditure among schools and jurisdictions.
5. Development of criteria for allocation of school improvement grants that will be issued under the World Bank Modernization Project.

Phase 3: Results will depend upon the progress and successes of phases one and two.

Issues and Assumptions: LGRP's interest in education finance flows directly from its involvement in the preparation of the local finance law, especially its provision for devolution of responsibilities from central to local government. By assisting the MES in the education sector, it hopes to demonstrate to other ministries, techniques and methods for implementing the transitional stage of the new financial system for local government. Whereas the team supports this objective, it feels that decentralization is also a useful tool for improving access to, as well as quality and relevance of education. It is not clear whether LGRP's limited perspective is consistent with the Mission's overall strategy in the education sector. Phase two should be seen as a transition to phase three, which will seek to address a broad range of policy issues involved in decentralization, not only the finance issues.

The most important assumption is that the movement toward decentralization will continue in the spirit of the "Framework Agreement." It is also assumed that decentralization will enable a more generalized reform of the education system and that USAID will remain engaged in the education sector.

Key Next Steps:

- Implement Phase one (starting May 2002)
- Decide as soon as possible on whether to use LGRP or some other vehicle such as an IQC or MOBIS (a new GSA contract facility available to USAID) for implementation of phase two.
- Begin a "rolling" design of phase three through development of a concept paper that is well vetted in the Mission, the Macedonian Government and with other donors.

ANNEXES

Results Framework for Proposed Activities

IR 3.4.5: Human Capacity Strengthened through Targeted Education Programs			
Activity	Link to Sub-IRs ¹⁸	Rationale	Beneficiaries
Decentralization & Governance 3.c: Empowerment of primary school parents' councils	5.1: Increased access 5.2: Improved quality 5.3: Increased efficiency	Enhanced parental involvement in schools leads to improved attendance and persistence of pupils, and accountability for inputs and outcomes.	Primary school students, teachers and administrators • Transparent and accountable school processes/procedures • Parent awareness of responsibilities/benefits of parent-school partnerships • Strengthened parents' councils working independently with school staff, students and community • School improvement grants executed and implemented, resulting in improved learning environments • A participatory Parent Council monitoring and evaluation system is in place.
4.c: Support and guide education decentralization and school governance	5.1: Increased access 5.2: Improved quality 5.3: Increased efficiency	A decentralized and locally governed system promotes efficiency and rationality in resource allocations, and better responsiveness to local problems affecting access and learning.	Education administrators at municipalities, primary and secondary schools; and students in these schools Phase 1: • Action plan outlining issues/steps for first phase of decentralization Phase 2: • MES financial data linked to enrollments • Analysis of school revenues • Analysis of variations in per-pupil expenditures among schools & jurisdictions Phase 3: • Depends on Phase 1 & 2 progress/successes.

¹⁸ Sub-IRs: (Stronger links are **bolded**)

- 3.4.5.1: Improved access to education
- 3.4.5.2: Increased quality of education
- 3.4.5.3: Increased efficiency of education
- 3.4.5.4: Increased access to non-formal education

Educating for Change: Changing Education

IR 3.4.5: Human Capacity Strengthened through Targeted Education Programs			
Activity	Link to Sub-IRs ¹⁸	Rationale	Beneficiaries
Illustrative Indicators			
General Secondary 3.a: Support to NGO to enhance learning reforms	5.2: Improved quality 5.3: Increased efficiency	Critical Thinking programs and methods promote more student-centered teaching and higher cognitive and more problem-oriented learning. Products of CT interventions do better while in school and following graduation.	General secondary school teachers, principals and students of CT schools
4.a: Promote broader reforms, with focus on the sciences	5.1: Increased access 5.2: Improved quality 5.3: Increased efficiency	By truly modernizing the school curriculum and the teaching/learning aids, students will gain knowledge and skills more relevant to the economy and society they will face. The reforms will give priority to science and IT, but the processes followed will benefit the schools and students at large.	General secondary school students and their teachers, especially those who study science and IT courses
Vocational Ed. & Training (VET) 3.b: School management training for VET administrators	5.2: Improved quality 5.3: Increased efficiency	The instability and non-professional treatment of secondary school administrative staff harms the efficient running of schools and quality of programs. This is a needed first step to reforming the VET system overall.	VET school principals and administrators
			• Critical Thinking (CT) programs being used in 7 to 12 general secondary schools • 300-500 secondary school teachers, counselors, psychologists, and university faculty trained in CT teaching methods • Supplemental teaching aids in CT schools • 40 general secondary school principals trained in CT & ways to support CT teachers • More learner-centered teaching employed • Improved learning outcomes of CT students • Teachers employing more student-centered teaching methods • New teaching aids being used for instruction and learning • Students engaging in more active/hands-on learning in science and IT courses • Higher demand for places in the science and IT streams • Improved student retention rates • Improved attitudes of student and parents about the relevance of secondary education to employment prospects.
			• Advisory Committee formed on VET professional administration • Advisory Committee prepares and presents policy options paper to MES and advocates for changes in VET administration • A system for the certification of school administrators considered by policy-makers

IR 3.4.5: Human Capacity Strengthened through Targeted Education Programs			
Activity	Link to Sub-IRs ¹⁸	Rationale	Beneficiaries Illustrative Indicators
4.b.i: Youth Empowerment Center (YEC) – an alternate skills training model	5.1: Increased access	By developing and offering skills training program that closely and demonstratively linked to employment needs in the local community, this model of VET will be attractive to out-of-school youth and serve as a viable alternative to the generally dysfunctional public VET system.	- Youth who are school completers or dropouts who have not obtained meaningful employment. 3 functioning skills training centers located in depressed/ethnic Albanian/ethnically mixed regions, demonstrating an alternate needs-based approach to VET
	5.2: Improved quality		Increased enrollments of economic disadvantaged and minority youth in needs-based job training programs
	5.3: Increased efficiency		Local employment opportunities generated by graduates of the YECs.
	5.4 Increased access to non-formal education		
4.b.ii: Linking schools with employment -- an accelerated training model	5.1: Increased access	External efficiency gains of the VET system will be demonstrated by linking programs to labor market signals, and by backing away from specific job-targeted training, leaving this to the employers. Students will be better prepped for job search with more generic/core skills.	Adopted VET school demonstrates it can respond to labor market signals from employers by making adjustments to programs
	5.2: Improved quality		Alternative to supply/demand manpower projection planning model used by the public VET is considered by policy-makers
	5.3: Increased efficiency		- Employers providing more training on their own, linked to the reconfigured/re-clustered programs of the alternative VET school - Students demonstrate ability to successfully navigate an uncertain labor market.

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